

Thomas amendment without giving the veterans relief already promised, when the amendment provides the means for doing so.

Mr. President, those are the things I wanted to say. If we were seeking to take money out of a depleted Treasury, my feeling today would be exactly as it was last year, but when we are providing a means for paying all the other obligations of the Government, I am clear in my mind that there is a solemn obligation upon us to meet the claims of the veterans and to pay the adjusted-service certificates.

Mr. WAGNER. Mr. President, I desired to address the Senate briefly on the pending Thomas amendment. However, I understand we are about to take a recess, so I will proceed in the morning, if I may be recognized at that time.

The VICE PRESIDENT. The Senator from New York will have the floor when the Senate convenes tomorrow.

HOURS OF EMPLOYMENT AND WAGES

Mr. BLACK. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Washington Evening Star of this date, by Mr. Walter Trumbull, relative to the long hours of work and the extremely low wages paid labor in the United States.

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Evening Star, Washington, D.C., Thursday, Apr. 27, 1933]
"SWEATED" LABOR DEMANDS REFORM—LONG HOURS AND EXTREMELY LOW WAGES HAVE BECOME WIDE-SPREAD IN UNITED STATES

By Walter Trumbull

NEW YORK, April 27.—"Sweated" labor in the United States has increased to such an alarming degree that social workers are up in arms, and there is country-wide demand for State and Federal legislation involving shorter hours and a minimum wage.

A report from Mississippi indicates that 50 cents a day in the textile business is not an uncommon wage. Figures in the North put wages of mill hands as low as \$5 to \$7 a week. Not only is pay poor but hours are long. A cotton bleachery in the South shows a 91-hour week. A garment factory in New England discloses a 94-hour week.

Instances like these have instituted such legislation as the Black bill in Congress for shorter working hours and many labor-control bills in State legislatures. President Roosevelt considers such legislation vital.

Estimates of the unemployed in the United States have run as high as 12,000,000 to 14,000,000. But owing to the scale of wages in many industries the plight of thousands who have jobs is about as bad. They are worn, weary, and undernourished, victims of sweated labor.

NOT LIMITED TO GARMENTS

The term "sweated" labor is suggested by welfare workers rather than "sweatshop" labor. The latter conveys the idea of dirty, dark, unventilated lofts or cellars. It also suggests the garment trade. Today, in New York, with an excellent labor law, conditions which prevailed in the old sweatshop are infrequent. Nor is sweated labor confined to the garment trade or even to cities. In many places where room, light, and air are plentiful, workers are expected to live on the air. Starvation wages in comfortable surroundings frequently exist.

There still are sweatshops. There are, for example, operators who cut goods in New York and then, to avoid the law, truck them into a neighboring State where they have some little shop that can be abandoned without loss in case of investigation. There they hire girls to sew the goods. Such girls frequently receive little or nothing. This is accomplished by taking them on trial as "learners." While learning they receive no pay. Later they are discharged and new learners taken on.

Aside from the garment trade, sweated labor is common in the silk, wool, toy, candy, hosiery, shoe, lamp shade, and laundry trades. Canneries are full of it. Clerical workers are affected, and instances have been discovered in the tobacco and motor industries.

APPALLING SITUATION

In New York, called "the richest city in the world", facts and figures gathered by the National Consumers' League present an appalling situation. They show workers who spend the night in subways because they cannot afford room rent. They show women paid 12½ cents for making a dress, while the finisher of that dress gets 3 cents.

Reports gathered by the league from employment agencies and hospital social-service departments record such cases as that of a woman who got 21 cents for putting linings in 72 pairs of slippers, so that to earn \$1.05 a day she had to handle 720 slippers in 9 hours.

A woman who was the support of two children and a jobless husband worked as a finisher and received 4 cents a dress. She averaged between \$5.50 and \$6.50 for a 60-hour week. Women finishing expensive pajamas have been getting 40 cents a dozen, which is more than a day's work.

An expert lamp-shade maker receives 1¼ cents to bind the top and bottom of each lamp shade. This takes 10 minutes, so her wage is 10½ cents an hour. Adult women workers in a hand-sewed rug manufactory average 50 cents a day.

Experienced seamstresses, making neckwear, receive 13½ cents an hour. A girl who had 3 years' experience in a dress factory is now working in an apron factory and gets 2½ cents an apron. Working at top speed, she makes 20 cents a day.

ADOPT PIECEWORK BASIS

Many factories which formerly paid living wages have gone on the piecework basis. One such factory pays 75 cents for a gross of garter belts. The fastest workers average \$3 a week. Three workers in a linen house showed their pay slips. They called for 59, 75, and 80 cents for a day's work.

Reports from employment agencies show a lawyer offered \$8 a week for an expert typist with knowledge of German. Another paid his secretary, a college graduate and court stenographer, \$6 a week. A dentist who wished an assistant to answer the telephone, receive patients, assist at the chair, sterilize instruments, type bills, and dust 6 days a week was willing to pay \$10.

The situation of some junior workers, many of them the sole support of a family, is shown in a complaint received by the New York State Labor Department in regard to a food factory. It read:

"The company employs about 500 people. They are mostly girls of 13, illiterate, second-generation Americans. The floor and tables are sloppy. There are no chairs available and there is no health examination—a very ordinary precaution required in food factories. The wages of a most expert worker average 50 cents a day."

In Connecticut wages have been withheld and workers cheated of part of the little they earned by assessments for mythical benefits. Contract shops have employed minors and worked them long hours for little or no pay.

WAGES EXTREMELY LOW

Similar conditions exist in Massachusetts. While a minimum wage law exists in Massachusetts it is not mandatory, and sweatshop competition has forced reputable concerns to break down their wage standard. In western Massachusetts records show wages of 1 cent an hour and in other parts of the State the wage scale has been reported as 5 cents an hour.

In Pennsylvania reports show that many children under 16 are employed at a medial wage of \$3.10 a week. In the textile and clothing industries many of them have been making less than \$2 a week. Twenty percent of the women employed in these industries are reported to have been earning less than \$5 a week.

For a week's work in New Jersey, sometimes 54 hours or longer, women's wages in individual cases are reported as \$3.26, \$5.01, \$3.92, \$3.29, \$5.36, and \$1.96. One check for 3 weeks' work amounted to 70 cents. Another for a full week's work, with overtime, totaled \$1.

A report from Illinois has shown that a girl in a large Chicago candy store and tea room received \$5 for 2 weeks' work. A millinery worker got a little over \$5 for 2 weeks' work. Women working on cotton dresses receive \$1 a day. Ironers in laundries get \$1.50 for ironing 60 shirts a day.

Reports of the same nature have been made from Maine to California. Cotton mills of the South have been running day and night shifts and paying anything they could hire workers for in an employers' market.

Wherever labor laws exist the violations and evasions of them have increased. And in many cases the penalties have not been sufficiently heavy to act as a deterrent.

RECESS

Mr. SMITH. I move that the Senate take a recess until 11 o'clock tomorrow.

The motion was agreed to; and the Senate (at 6 o'clock p.m.) took a recess until tomorrow, Friday, April 28, 1933, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 27, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our blessed Heavenly Father, Thou art still steadfast, still unchangeable, still watching with eternal eyes of care. Thy holy word is with us: "Thou shalt love thy neighbor as thyself." We pray that this commandment may permeate our thoughts, our plans, and our honor. Lead us to help him and wound him not, to lift him up and feel pain at his downfall, and always rejoice at his uprising. In our ways may we carry this spirit of working and serving for others. As we move among men, in all our relationships, may we be in affectionate service. O God, enlarge our visions and give us to understand this long-unheeded sign of the golden age. To the glory of Thy holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango county line, in Tionesta township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on April 26, 1933, present to the President, for his approval, a joint resolution of the House of the following title:

H.J.Res. 135. Resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

EXTENSION OF REMARKS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a short editorial on the gold standard.

Mr. RICH. Reserving the right to object, whose editorial is it?

Mr. DIRKSEN. It is from a newspaper and it is only a factual article.

Mr. RICH. I must object to anything unless it is the gentleman's own remarks.

Mr. DIRKSEN. It is not my own remarks.

Mr. RICH. Mr. Speaker, I object.

LOANS TO HOME OWNERS

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5240) providing for loans to home owners, with Mr. DRIVER in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. GOSS. Reserving the right to object, I shall not object if the bill is printed in the RECORD.

The CHAIRMAN. Without objection, the bill will be printed in the RECORD.

There was no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The bill referred to is as follows:

Be it enacted, etc., That this act may be cited as the "Home Owners' Loan Act of 1933."

DEFINITIONS

SEC. 2. As used in this act—

(a) The term "Board" means the Federal Home Loan Bank Board created under the Federal Home Loan Bank Act.

(b) The term "Corporation" means the Home Owners' Loan Corporation created under section 4 of this act.

(c) The term "home mortgage" means a first mortgage on real estate in fee simple or on a leasehold under a renewable

lease for not less than 99 years, upon which there is located a dwelling for not more than three families, used by the owner as a home or held by him as his homestead, and having a value not exceeding \$15,000; and the term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(d) The term "association" means a Federal savings and loan association chartered by the Board as provided in section 5 of this act.

REPEAL OF DIRECT-LOAN PROVISION OF FEDERAL HOME LOAN BANK ACT

SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

CREATION OF EMERGENCY LOAN CORPORATION

SEC. 4. (a) The Board is hereby authorized and directed to create a corporation to be known as the Home Owners' Loan Corporation, which shall be an instrumentality of the United States and which shall be under the direction of the Board and operated by it under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section.

(b) The Board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate \$200,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Secretary of the Treasury deems advisable. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of \$200,000,000, or so much thereof as may be necessary, and for such purpose the amount of the notes, bonds, debentures, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time, is hereby increased by such amounts as may be necessary.

(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed \$2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be issued in such denominations as the Board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be instrumentalities of the United States and shall so state on the face thereof, and shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office prior to the date of the enactment of this act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding \$50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case \$10,000, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is

less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 15 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at the rate of 5 percent per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension. As used in this subsection, the term "real estate" includes only real estate held in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than 3 families, used by the owner as a home or held by him as a homestead, and having a value not exceeding \$15,000.

(c) The Corporation is further authorized, for a period of 3 years from the date of the enactment of this act, to make loans in cash subject to the same limitations and for the same purposes for which cash advances may be made under subsection (d) of this section, in cases where the property is not otherwise encumbered; but no such loan shall exceed 80 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Each such loan shall be secured by a duly recorded home mortgage, and shall bear interest at the same rate and shall be subject to the same provisions with respect to amortization and extensions as are applicable in the case of obligations refinanced under subsection (d) of this section.

(f) The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks, upon making reasonable compensation therefor as determined by the Board.

(g) The Corporation is further authorized, for a period of 3 years from the date of the enactment of this act, to exchange bonds and to advance cash, subject to the limitations provided in subsection (d) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust within 2 years prior to such exchange or advance.

(h) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value.

(i) The Board is authorized to make such bylaws, rules, and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The Corporation is further authorized and directed to retire and cancel the bonds and stock of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The Board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

Sec. 5. (a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as "Federal savings and loan associations", and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States; but no such association shall be incorporated by the Board unless in its judgment the community to be served is insufficiently served by local thrift and home-financing institutions.

(b) Such associations shall raise their capital only in the form of payments on such shares as are authorized in their charter, which shares may be retired as is therein provided. No deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board.

(c) Such associations shall make loans only upon real property located within 50 miles of their home office, and such loans shall be first liens upon homes, or combination homes and business property, having a value not exceeding \$20,000, except that not exceeding 15 percent of the assets of such an association may be invested in first liens on other improved real estate. Such associations may also lend upon the security of their own shares and may invest in stock of a Federal home-loan bank or in obligations of the United States or in Federal home-loan bank bonds.

(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of such association, and to require an equitable readjustment of the capital structure of the same; and to release such association from such control and permit their further operation.

(e) No charter shall be granted except to persons of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

(f) Each such association, upon its incorporation, shall become automatically a member of the Federal home-loan bank of the district in which it is located, or, if convenience shall require and the Board approve, shall become a member of a Federal home-loan bank of an adjoining district. Such associations shall qualify for such membership in the manner provided in the Federal Home Loan Bank Act with respect to other members.

(g) The Secretary of the Treasury is authorized on behalf of the United States to subscribe for preferred shares in such associations which shall be preferred as to the assets of the association and which shall be entitled to a dividend, if earned, after payment of expenses and provision for reasonable reserves, to the same extent as other shareholders. It shall be the duty of the Secretary of the Treasury to subscribe for such preferred shares upon the request of the Board; but the subscription by him to the shares of any one association shall not exceed \$100,000, and no such subscription shall be called for unless in the judgment of the Board the funds are necessary for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. Payment on such shares may be called from time to time by the association, subject to the approval of the Board and the Secretary of the Treasury; but the amount paid in by the Secretary of the Treasury shall at no time exceed the amount paid in by all other shareholders, and the aggregate amount of shares held by the Secretary of the Treasury shall not exceed at any time the aggregate amount of shares held by all other shareholders. To enable the Secretary of the Treasury to make such subscriptions when called there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$100,000,000, to be immediately available and to remain available until expended. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by the Board, and such receipts shall be evidence of the interest of the United States in such preferred shares to the extent of the amount so paid. Each such association shall make provision for the retirement of its preferred shares held by the Secretary of the Treasury, and beginning at the expiration of 5 years from the time of the investment in such shares, the association shall set aside one third of the receipts from its investing and borrowing shareholders to be used for the purpose of such retirement. In case of the liquidation of any such association the shares held by the Secretary of the Treasury shall be retired at par before any payments are made to other shareholders.

(h) Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States, and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State, Territorial, county, municipal, or local taxing authority shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such authority on other similar local mutual or cooperative thrift and home-financing institutions.

(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of its stockholders as provided by the law under which it operates; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.

ENCOURAGEMENT OF SAVING AND HOME FINANCING

Sec. 6. To enable the Board to encourage local thrift and local home financing and to promote, organize, and develop the asso-

ciations herein provided for or similar associations organized under local laws, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$250,000, to be immediately available and remain available until expended, subject to the call of the Board, which sum, or so much thereof as may be necessary, the Board is authorized to use in its discretion for the accomplishment of the purposes of this section without regard to the provisions of any other law governing the expenditure of public funds.

PENALTIES

SEC. 7. (a) Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Home Owners' Loan Corporation or the Board or an association upon any application, advance, discount, purchase, or repurchase agreement, or loan, under this act, or any extension thereof by renewal, deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than 2 years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Home Owners' Loan Corporation or an association; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than 5 years, or both.

(c) Whoever, being connected in any capacity with the Board or the Home Owners' Loan Corporation or an association (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud the Board or the Home Owners' Loan Corporation or an association, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiners of the Board or the Home Owners' Loan Corporation or an association, makes any false entry in any book, report, or statement of or to the Board or the Home Owners' Loan Corporation or an association, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements of the Home Owners' Loan Corporation and an association under this act, which, for the purposes hereof, shall be held to include advances, loans, discounts, and purchase and repurchase agreements, extensions and renewals thereof, and acceptances, releases, and substitutions of security therefor.

SEPARABILITY PROVISION

SEC. 8. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The CHAIRMAN. Under the order of the House, this bill will be considered under general debate, confined to the provisions of the bill, for a period of 1 hour and 30 minutes, to be equally divided between the gentleman from Alabama and the gentleman from Massachusetts.

The gentleman from Alabama is recognized for 45 minutes.

Mr. STEAGALL. Mr. Chairman, the purpose of this bill is to supply to urban-home owners similar emergency relief to that which we are undertaking to provide for farmers who find themselves in danger of losing their homes.

I need not tax the patience of Members of the House in discussing the distressed conditions that obtain at this hour. They are recognized by all, and, of course, all of us, charged with legislative responsibility, share the desire to afford relief, as far as we may, with due regard to constitutional limitations and the financial resources of the Government.

This bill sustains very much the same relation to the home-loan bank system that the emergency farm relief legislation, to which I have referred, sustains to the farm credit system afforded under the Federal Farm Loan Act. The

Home Loan Bank Board is authorized under the provisions of this bill to establish an emergency home owners' relief association, a corporation to be known as "Emergency Mortgage Corporation."

Mr. SNELL. Does the gentleman care to yield for a question at this point?

Mr. STEAGALL. Yes; I shall be glad to yield.

Mr. SNELL. I am not clear in my own mind just how this affects the home loan bank bill that was passed last session. Will there be 2 organizations set up, or will there be 1 with added power?

Mr. STEAGALL. I was just approaching a discussion of the portion of the bill which I think will answer the inquiry of the gentleman from New York.

Mr. PARSONS. Will the gentleman yield?

Mr. STEAGALL. May I answer the gentleman from New York [Mr. SNELL] first?

Let me explain first to the gentleman from New York: The Home Loan Bank Board is authorized to organize an emergency-mortgage corporation. The corporation is to be supplied with \$200,000,000 of capital out of the Treasury of the United States to be subscribed by the Secretary of the Treasury. The corporation is authorized to incur obligations or issue bonds to the amount of \$2,000,000,000, which are to bear an interest rate of 4 percent, and the interest on the bonds is to be guaranteed by the Government. The corporation is expected to exchange its bonds for mortgages against homes where there is a necessity for relief to avoid the loss of homes.

Mr. BLANCHARD. Will the gentleman yield?

Mr. STEAGALL. In a moment.

The corporation is to be under the control and supervision of the Home Loan Bank Board, but the organization of the corporation is to be entirely separate and apart from the organization of the home-loan banks except that it is to be under the management of the Home Loan Board.

Mr. SNELL. Will the gentleman yield right there?

Mr. STEAGALL. Certainly.

Mr. SNELL. Does the gentleman mean there will be an entirely new organization to cover the whole country, the same as the old Home Loan Bank Board has now throughout the various States of the Union?

Mr. STEAGALL. No; I did not intend to say that. There will be a separate organization, but it is in no sense a duplication of the organization of the home-loan bank system. The corporation to be organized under this act is entirely a temporary, emergency organization, and would be operated under the control and direction of the Home Loan Bank Board, through such employees, agencies, and representatives as the Board may find necessary.

I now yield to the gentleman from Illinois.

Mr. PARSONS. The farm mortgage bill provided for a loan of 50 percent of the appraised value and 20 percent of the insurable value of the buildings thereon. Why should discrimination be made against farm lands and only loans to the extent of 50 percent of the value of farm lands made, while 80 percent of the value of city property is allowed to be loaned? I realize the distinguished chairman of the Committee on Banking and Currency did not have the farm mortgage bill under his supervision, but does not the gentleman think we should have a higher rate of appraisal in the farm mortgage bill or a lower rate of appraisal in the home mortgage bill so as to give equitable treatment to each of the two classes?

Mr. STEAGALL. There are many difficulties in attempting to make the two methods parallel. In dealing with the farm-mortgage situation we had to take care of loans and mortgages that had been brought about under the operation of the Federal land banks and of the joint-stock land banks and other loaning agencies in the country. The problem was entirely different from the one that confronts us with reference to homes. Maybe the other act was not as liberal as it might have been. I am not attempting to pass judgment upon that question, but certain it is the provisions of this bill are very liberal as regards the valuation upon which loans are to be made.

The valuation authorized under this measure is 80 percent, but this runs for only 15 years and is purely an emergency measure. It has no relation whatever to, and no connection with, loans that have been made under the permanent home-financing system provided in the original home loan bank bill.

Mr. PARSONS. Mr. Chairman, will the gentleman yield further?

Mr. STEAGALL. Certainly.

Mr. PARSONS. I have no objection to the 80-percent valuation. It all depends upon what standard they use. If you are going to use the 1928 or 1929 standard of value, of course, it is still going to be inflated to a certain extent; but if you are going back to pre-war value, I doubt if you can assist any mortgagor, whether he be in the city or in the country, unless the debt is very materially scaled down by the mortgagee.

Mr. STEAGALL. The values would be based upon contemporaneous appraisals. This, of course, explains in part the liberality of the act with respect to valuation. It is recognized that values are far below normal. Under this bill loans may be made to 80 percent.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. RICH. The gentleman says we are going to have a separate corporation acting under the jurisdiction of the Home Loan Bank Board. Does not the gentleman think we could dispense with this new organization and have the Home Loan Bank Board or this organization perform the functions recommended for both?

Mr. STEAGALL. That, of course, depends on whether men can do twice the work they are doing now. It is assumed that in setting up the necessary personnel they will employ no more help than is required and that every employee will be given a full day's work and the same as to those who now work in the organization of the home-loan bank system. The whole activity of this corporation would be under the control of the Home Loan Bank Board, with such agencies as they might see fit to employ.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLANCHARD. The language of this bill provides the bonds shall be guaranteed as to interest only. I think the gentleman stated that the bonds are to be guaranteed.

Mr. STEAGALL. I did not intend to make that statement. If I did, it was an inadvertence. Of course, it is only the interest on the bonds that is guaranteed. Back of these bonds is the initial capital of \$200,000,000 subscribed by the Government, together with the securities supporting the mortgages and loans and safeguarded by other provisions of the bill and by competent management. No loan may be made in excess of \$10,000. No loan may be made in excess of 80 percent of the value of the property; and no home having a valuation of over \$15,000 is eligible for a loan. These are the three limitations within which loans must be made.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. FITZPATRICK. Where the mortgage is due and the mortgagee refuses to renew, can the owner of the building make application to the Government to renew that mortgage? Will the mortgagee have to accept the bonds or can he get cash?

Mr. STEAGALL. He cannot get cash. The plan provides for the exchange of bonds of the corporation for mortgages.

Mr. FITZPATRICK. Then if a man refuses to accept the Government bonds at 4 percent, the owner of the property cannot get any relief?

Mr. STEAGALL. We cannot relieve every situation, but we hope that in a great many instances we shall be able to exchange these bonds the interest upon which is guaranteed by the Government and protected by capital set-up and other safeguards in a way to afford a large measure of relief.

Mr. FITZPATRICK. It will not relieve the situation of the ordinary citizen who has a mortgage of \$5,000 or \$10,000 and the mortgagee wants to get his cash and will not accept these bonds.

Mr. STEAGALL. Of course, there are two points of view about that. I have on my desk right now a telegram from a man who is known in this House, whose judgment is highly respected in this House, who takes just the contrary view and insists that the interest rate required is too high, that everybody who has mortgages would gladly exchange them for bonds.

We have tried to set a rate on the bonds that would appeal to mortgagees and enable us to render the service contemplated, and meantime fix such an interest rate against mortgagors as will not be unduly burdensome but sufficient to relieve the Government of loss in these transactions. In other words, we tried to work it out so that the Government would lend its credit but not be driven into making drains upon the Treasury to take care of these obligations. The interest rate on the bonds is 4 percent. The interest rate on the mortgage is 5 percent.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. DOWELL. Is there any provision in the bill whereby the person purchasing his home under contract can secure a loan?

Mr. STEAGALL. Yes. The bill covers all prior liens, contracts of sale, and, as far as we knew how to draw the bill, it is designed to meet just such situations as that pointed out by the gentleman from Iowa. Not only that, we authorized advances in cash for the purpose of taking care of taxes, assessments, and other charges, including insurance.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BRIGGS. Does not the gentleman think it is particularly wise to leave within the law the privilege to this corporation to make direct loans where the benefits cannot be obtained through any other source which, in turn, may receive accommodations from this organization?

Mr. STEAGALL. I may say to my friend that one of the fundamental purposes of this bill is to afford direct relief to mortgagors who are in danger of losing their homes. That is just the object sought. No provision is made, except for direct relief to home owners.

This is the particular service which we are attempting to render through this legislation to exchange bonds to any mortgagee who has a mortgage on a home, where by proper negotiation such an exchange may be arranged.

In addition, the bill provides for the organization of local home-loan associations. There are hundreds of counties in the United States that are not supplied with borrowing agencies having access to the facilities of the home-loan bank system. To meet conditions of this kind and to take care of individual borrowers, the bill provides for the organization of local home-loan associations and supplies \$100,000,000 of funds out of the Treasury of the United States for the purpose of supplying capital to aid in forming these organizations. Such organizations, when formed, become members of the home-loan bank system.

Mr. BRIGGS. Does not the gentleman feel that a great deal of value and utility of the Reconstruction Finance Corporation has been defeated by individuals or firms not having an opportunity of borrowing when they could not get the accommodations from financial institutions that did have the money?

Mr. STEAGALL. Of course. In principle there can be no differentiation as to classes among those who should be permitted to come directly to the Treasury of the United States for aid, but, as a practical proposition, I am sure I need not argue with my friend that it is not desirable to have the Treasury of the United States undertake in an adequate and comprehensive manner to respond to all the credit requirements of the people of the United States. It would not take long, under that kind of scheme, to find the end of the ability of this Government to obtain the cash with which to

make loans, and, of course, we are confronted with a practical situation in undertaking to legislate along the lines indicated by my friend.

Mr. BRIGGS. But the gentleman will admit that the House and Senate did adopt that very principle in the last Congress, although it was not approved by the then President of the United States, where applications for loans were based upon adequate security and they could not be obtained from other sources, the Reconstruction Finance Corporation was to be permitted, in such an event, to give consideration to such cases.

Mr. STEAGALL. Yes; I voted for that bill just as my friend did, because of the principle involved; but, of course, we all recognize the difficulties involved in putting such a plan into practical operation.

Mr. BRIGGS. Is not one of the chief difficulties that the individual is encountering today his inability to obtain the credit that the Government is providing through these huge agencies? It is just as if they go right through a pipe line that is tapped along the way, and then there is a gate valve that keeps this credit from reaching the people, and is not that one of the things we are trying to correct in this proposed legislation?

Mr. STEAGALL. We are trying to correct that, and I think we are correcting it to some extent, possibly not in a way that will be entirely satisfactory when we come to the end of it, but that is the direction in which we are going, and that is our purpose.

I may say to my friend, although it is aside from this discussion and I am not going to enlarge upon it, I believe there is only one way to restore normal business conditions in the United States, and that is by proper legislation to bring about a resumption of the use of normal bank credits with which the business of our people has always been done. [Applause.]

There can be no substitute for it. All other methods serve a limited purpose and are wholesome as far as they go. We all sympathize with the purpose, and we are glad to join in the effort, but we have found how trivial is the aid that could be supplied out of the limited funds of the Reconstruction Finance Corporation; and all these efforts to supply credit will prove inadequate until we find a way to restore banking to a normal basis in the United States. It is bank credit that supports business values in the United States. But we want to grant such limited and temporary aid as we may.

Mr. MAY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MAY. Of course, the gentleman remembers the provisions of the bill which was passed at the last Congress that provided for some direct connection between the borrower and the banks.

Mr. STEAGALL. Yes.

Mr. MAY. Has the gentleman considered the idea that while you perhaps cannot provide for that in this bill, yet you might make it possible for the man who owes a mortgage on his home to go to a member of the Federal Reserve System in his community and let the credit be approved by that bank and transmitted to the other banks concerned?

Mr. STEAGALL. That has already been done. Under the emergency legislation passed since this session of Congress began, there is no limit upon the securities that a Federal Reserve bank may take for a member bank or a nonmember bank, and we did not stop with making all the assets of all classes of banks eligible for loans with the Federal Reserve banks, but we provided that such assets may be used as a basis for the issuance of Federal Reserve bank notes. The results to follow that legislation must depend upon the administration of the Federal Reserve System.

I must conclude, in order to save time for other Members who desire to discuss this bill in general debate. We are going to have the day for the consideration of amendments.

Mr. DONDERO. Will the gentleman yield?

Mr. STEAGALL. For a question; yes.

Mr. DONDERO. If the mortgagee refuses to take the bonds provided for in this bill, is there any relief for the mortgagor who must receive aid or have his mortgage foreclosed?

Mr. STEAGALL. It requires an agreement at that point.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. ZIONCHECK. Referring to page 5, section (b), you have in line 18 the word "vendor", but you have nothing about the assignee of the vendor. Was the word "assignee" purposely left out?

Mr. STEAGALL. No; the assignee of the vendor is not left out, because we have by broad language made the bill applicable to all existing liens.

Mr. ZIONCHECK. In line 22 you have taxes and assessments that can be paid by cash. Would the committee object to an interlineation or an amendment including valid and subsistent liens of mechanics and material liens?

Mr. STEAGALL. It is the view of the committee that that is covered by the provisions of the bill.

Mr. HOEPEL. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HOEPEL. There is provision in section 5 whereby the private individual may invest in these securities. Can the gentleman state what rate of interest private citizens would receive?

Mr. STEAGALL. There is no arbitrary provision in regard to that.

Mr. CELLER. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. CELLER. Why does the bill provide for a guaranty of interest on bonds and does not guarantee the principal? Does the gentleman believe that the public will invest in these bonds without a guaranty of the principal?

Mr. STEAGALL. I thought I had covered that question. It was thoroughly discussed in the committee. It is felt that with the capital of \$200,000,000 and the security supporting the mortgages the bonds will be found attractive. The gentleman must remember that recently the Treasury of the United States on short-term loans had to pay over 4 percent to get the money to carry out its program. It would be a serious thing to have the Treasury undertake to guarantee principal and interest on bonds covering the enormous home-mortgage indebtedness of the country, amounting to over \$20,000,000,000. There is an end to what can be prudently done in having the Treasury assume the burdens involved in such a stupendous program. [Applause.]

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Massachusetts [Mr. LUCE] is recognized for 45 minutes.

Mr. LUCE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

Mr. LUCE. Mr. Chairman, I have had but few requests for time, so that I shall be able to use nearly all the time myself, and I shall be glad to answer any questions after I have made a statement. So permit me to make the statement without interruption, unless it be necessary to clarify something I say.

The chairman of the committee has adequately explained the general purposes of the bill, and it would be but repetition for me to attempt a further analysis of it. I wish to address myself chiefly to a phase of the situation that Members ought to understand.

Last year we passed the home loan bank bill. There is throughout the country wide dissatisfaction with the operation of that bill, and many Members of Congress are disposed to criticize.

I fear Members will equally be disposed to criticize the operation of this new law, for they will find the same discontent over its operation; and in anticipation of their need for information on the subject, in order that this bill may better stand the shafts of criticism that will be thrown at it throughout the land, I wish to make clear to you the nature of the bill we passed 9 months ago and why we are passing this bill.

Unfortunately, after last year's bill was enacted the public gained the impression from the press that any man might go to some agency of the Government and borrow on real estate whatever money he might need. I admit that I was in part to blame for this wrong impression, because when the bill of last year was drafted in its first section it gave to the institution the title "Federal Home Loan Discount Bill." It struck me that was a long and awkward name, that the people would talk of it as a home loan bill, and that we might well drop out the word "discount." That was done. It is possible that if the word "discount" had been left in, then the public would have better understood what we were doing, which at the start was simply to create a system for rediscouinting mortgages.

It was never the intention of those who conceived that bill, nor of those who worked over it in the House, nor indeed of most of those who worked over it in the committee in the Senate, that there should be any direct loans. We were not intending to set up an institution that would compete with existing lending agencies, and we are not here intending to set up any such institution. If gentlemen can make their constituents understand that we do not now intend to embark the Government in competition with savings banks, building and loan associations, and other lending agencies, they may escape some part of the grief that will come to their constituents, in the real sense of that word, and the grief that will come to themselves in the sense in which it is often used nowadays. So I am trying to get over the fact that we never have meant, and we do not now mean, to embark the Government in the lending of money to individuals save for emergency need, and then only where there is no other opportunity to get the money.

I will now show why my friend from Missouri [Mr. COCHRAN], whom I am glad to see present, has been disturbed in this matter without perhaps appreciating what has gone on in his own neighborhood. If I mistake not, Missouri is in the Des Moines home-loan bank district. That bank, from the beginning of its operations October 15 of last year to February 1, had 6,682 requests for loans. It turned out that 937 of them were requested on farm property, which is not within the scope of the law.

Seven hundred and fifty of those persons asked for loans in excess of the limitation put in the law. There has been criticism of this limitation, but that bill cannot succeed to the extent hoped for and this bill cannot succeed unless bonds can be issued, and bonds cannot be sold unless there is the finest of security behind them. Gentlemen who desire much more extensive lending operations than these two laws will permit fail to recognize that neither institutions can possibly succeed unless there is security behind the loans. Seven hundred and fifty of these people could not furnish the security to the extent they wished to borrow.

The Government cannot and must not lend without adequate security.

One hundred and fifty-four wanted to borrow on second mortgages; 128 had made no attempt to get money through the ordinary channels. Eleven had no home on the property. Fifteen wanted loans on property valued at more than the limit of \$20,000. One hundred and eleven wanted to borrow on business property, 65 on farm property, 12 on buildings housing more than 3 families. One hundred and ninety-three had no ability to make payments. Sixty-seven filed incomplete applications and 242 wanted to borrow on residences which they did not themselves occupy as their own homes. One hundred and thirteen could show no state of distress warranting action by the bank.

Investigation was made of those applications for loans the bank thought might be available, 1,185 in number, and in 490 of the 610 cases heard from it was found that the security offered was not enough to warrant the loan, while in 36 cases the present mortgagees agreed to continue the loan, or the application was withdrawn. Out of all that mass of applications only 84 were found that could comply with the requirements of the law.

When this bill goes through, precisely the same thing is going to take place, if you encourage the distressed and un-

fortunate people who have not enough security, in the idea that they are going to be able to save their homes. We cannot save the unfortunate man whose property has so depreciated that it is already mortgaged in excess of 80 percent of its value. He is the man whom nobody can save in this emergency by any method of this sort.

I hope many of them can be saved, however; and that quickly, by a revival of that confidence which is now so lacking. I view these measures we are passing one by one, not with first in mind their individual merit or demerit. I am paying slight attention to that. The question is, Can all these measures, taken together, so encourage the people of the United States that you and I and everybody else will begin to spend money once more. So in this particular case the great benefit will be found in what encouragement we can give all the people by legislation as far as we can prudently go, meant to help distressed home owners in cases that can be brought within the law.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. LUCE. For clarity? Have I not made myself clear?

Mr. PARSONS. The gentleman stated that there were 84 applications that were investigated and found could be given loans. That was 84 out of how many?

Mr. LUCE. Out of 1,185.

Mr. PARSONS. Were those loans made direct to the individuals?

Mr. LUCE. These were loans where the examining institution stated willingness to make the loan at once or after receiving funds from the home-loan bank.

Mr. PARSONS. But not direct to any individual?

Mr. LUCE. I shall take the matter of direct loans up next, if I may. Gentlemen in another branch—and I am not criticizing—believed that in addition to what we of the House provided last year, we should furnish direct loans. That is, we should authorize the home-loan bank to lend money direct to applicants. That was never in the minds of those who conceived the bill, of those who framed the bill, or of the Members of the House who persuaded the House in the passage of the bill. In the Senate—and it was not the present Senate, so I think I am outside the rule—it was seen fit to put on an amendment authorizing direct loans. We of the House felt that the original purpose of the bill ought to be maintained, but the amendment to which I have referred, authorizing direct loans, came toward the end of many months of controversy, and the House, as well as the Senate, was anxious to go home, and, under duress, the House accepted that amendment because we knew if we did not accept it the bill could not become law. We foresaw the harm it would do. We knew that thousands upon thousands of our citizens would be encouraged by false hopes that could not be fulfilled. We knew that this would be advanced as criticism against the bill itself. We knew that it would do immeasurable harm, and it did.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. LUCE. If I am not making myself clear; yes.

Mr. JOHNSON of Texas. I simply want to ask, Did the Home Loan Board make any loans, directly?

Mr. LUCE. Practically no loans have been made directly.

Mr. JOHNSON of Texas. I wanted to know if there had been any. Does the gentleman know whether they have made any direct loans or not, under the existing law?

Mr. LUCE. As far as I know, none has been made; but there may have been a few.

I was going on to explain that this amendment was inadequate. It did not furnish the machinery for making direct loans. It ran up against doubt as to its conflict with other provisions of the bill, in the minds of certain attorneys connected with the Government or the institutions concerned; and for this group of reasons it was an unworkable amendment. It did nothing but deceive the people. So one of the things we are doing in this bill is to repeal that amendment. It never has worked; it never will work; it ought not to have been in the bill; but we are trying to supply machinery that in another way will accomplish, at least in part, what was in the minds of those who framed the direct-loan amendment.

Mr. JOHNSON of Texas. Will the gentleman yield further?

Mr. LUCE. If for clarity; yes.

Mr. JOHNSON of Texas. Can the gentleman inform us how an individual who cannot secure a loan through a cooperative association could get relief under the bill? In a great many of the smaller towns in districts like mine and others throughout the country there are people who are losing their homes and there are no building and loan associations in the vicinity, and they cannot secure a loan. I want to know what relief that class of people will have.

Mr. LUCE. In all courtesy, I may say to the gentleman that this and other features of the bill I had hoped to reach in the orderly process of my remarks, which is why I requested to be able to finish them without interruption, hoping I would reach such topics in due course. However, I will take this one up now.

There are in this country 3,072 counties. There are 1,566, almost exactly half, that have no building and loan associations, no mutual savings bank, and no insurance company, and therefore cannot benefit by the provisions of last year's law. It has now been conceived that it will be a social advantage, a blessing to the people of the land, if we try to encourage the creation of thrift institutions in that half of the counties of the United States where they do not now exist. For that purpose the latter part of this bill provides an appropriation by the expenditure of which the home-loan bank system may encourage and stimulate the creation of thrift associations and may foster them in the 1,500 or so counties that now do not have them.

Mr. JOHNSON of Texas. What minimum capital would those thrift associations be required to subscribe?

Mr. LUCE. There is no specification of that. The chairman of the Board, Mr. Stevenson, a former Member of this House, who had the respect of all its Members and who, on the Committee on Banking and Currency, demonstrated unusual capacity and very sound judgment, assures us that those associations will be formed in accordance with the best building-and-loan practice, and I feel sure we may rely upon him and his Board to carry out that promise.

Next, there was much dissatisfaction because the last law did not get into action quickly. There were thousands upon thousands of persons disappointed because they could not at once get relief. Mr. Chairman, it will be precisely the same with this bill. Constituents of Members of this House will be disturbed in great numbers because they cannot instantly profit by its operation. If memory serves me right, it was 11 months after the Federal Reserve System was created before it got into operation. These big machines can only be started slowly, but what have we done in the matter of the home-loan bank? The law was passed only at the end of last July, and at this very time 8 of the 12 home-loan banks are more than paying expenses. The banks, all told, are putting out \$7,000,000 a week.

What were the obstacles in the way? Notice this, please, and then see if you longer complain. There were 36 States where the legislatures had to be convinced of the necessity of statutory changes. Thirty-six State legislatures had to be induced to pass laws. Only one has yet refused to do it. Only 1 of the 48 States had not acted previous to the passage of the home-loan bank bill or has not since acted. That is the State of Nebraska, and it is believed that before the session of its legislature adjourns Nebraska, too, will have acted.

Complaint has come to us in some measure from Missouri, and that is why I wanted the gentleman from Missouri on the floor. His State got into line only last week. Only last week did the Legislature of Missouri allow this system to function there to its fullest extent. Nevertheless much criticism has come because that law has not furnished the flood of money Missouri desired.

When the last figures were obtained the home-loan banks all told had disbursed \$28,195,605 and had authorized further disbursements, now in process, of \$35,430,766, making a total of \$63,626,371 that we have put out or got under

way in less by 2 months than the time it took for the Federal Reserve System even to make its first discount.

There are already in the System 1,070 building and loan associations; and there are pending 1,000 more applications where they have put up the money. So more than 2,000 building and loans associations are already engaged in the good work.

It is contemplated by the bill before us to put the machinery in the hands of the Home Loan Bank Board. They must for some of the purposes of the bill function under a legal fiction as a corporation, but it is to be the same organization, the same men, the Home Loan Bank Board; and I think I can assure you that with equal celerity this bill will go into operation. Nevertheless, for a time you will be disturbed, you will be agitated, by complaints from your neighbors that the bill is not working.

As fast as it can be done we are going to put the urban and the suburban home owner, the town, and the village home owner, on much the same plane which we propose to put the farmer.

In general, I should like to point out that the farm mortgage bill is broader, more expensive, and more dangerous than this bill. We had our own way, to some measure, in the shaping of this bill. We have carried out the general desire to the administration, but we saw fit in the framing of the bill to apply the same meticulous care by the use of legislative counsel that we did with the home loan bill; and we have made this a safer bill. We have made it possible to sell the bonds more readily. We have created an institution that in part is meant to be permanent, that we hope will accrue to the benefit of all the people of the land through many years to come.

And so, after this study, this careful scrutiny, this hard work, taking advantage of our experience in framing the home loan bill, we present to you unanimously this measure in the hope of its speedy enactment and as prompt meeting of the needs of distressed home owners as far as is practicable. [Applause.]

Now I will answer any questions.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. BLANCHARD. I respect the gentleman's judgment in this matter, but may I ask at this point if the gentleman considered the matter of reducing the interest rate by one half percent less than that carried in the bill at the present time?

Mr. LUCE. This matter received much discussion, and I have no doubt when we reach it under the 5-minute rule all the considerations pro and con will be presented.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. RICH. Does the gentleman think that the feature of the bill exempting these bonds from taxation is a good thing for the country?

Mr. LUCE. The gentleman broaches a question that has had long discussion both in the committee, in the House, and outside. If we were to start afresh, I should, I think, vote against tax exemption for Federal and municipal securities, but to now begin to draw the line here without facing the general proposition seems to me undesirable.

Of course, the gentleman could very well say that the time to begin is the time to begin; that we ought to begin now. One consideration is often lost sight of in the general proposition, namely, that if you remove the tax exemption you have to pay a higher rate for your money, and it has always seemed to me to be a case of even-Stephen. For that reason it does not in the end make very much difference whether you have tax exemption or not; but for the moral effect I think it might be wise for us at once to abolish all tax exemptions. [Applause.] But to do it immediately is probably impracticable.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. HEALEY. Will the gentleman briefly explain the manner in which an individual whose home is in danger of foreclosure may initiate the procedure provided under this bill for his relief?

Mr. LUCE. He goes to the home-loan bank and explains his situation. Thereupon they offer to take over the mortgage and pay for it in bonds—bonds guaranteed as to interest but not as to principal.

So far the progress is very easy and simple. The hitch comes when the mortgagee is confronted with an offer of the bonds. Now, we cannot tell whether the mortgagee will accept these bonds or not. We do not know. We think in most cases he will. Judging from my own attitude toward a certain piece of real estate in the gentleman's city that I hold as trustee, I would be delighted if I could swap the property for bonds.

Mr. HEALEY. The individual mortgagor himself may initiate the procedure by filing an application with the banks or agencies which are set up to administer the provisions of this bill. Is this correct?

Mr. LUCE. Yes.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. BACON. What were the considerations which led to a limitation of the benefits of this bill to homes valued at under \$15,000? I have particularly in mind—

Mr. LUCE. If I may interrupt the gentleman, this feature is sure to have long and earnest debate when we reach it under the 5-minute rule. Unless the gentleman particularly cares to go into it at this moment, will he not defer it until this point is reached under the 5-minute rule?

Mr. BACON. May I ask one further question then?

Mr. LUCE. Yes.

Mr. BACON. What happens in the case a small home has a small first mortgage and a second mortgage in addition to the first mortgage? Has provision been made to permit a home owner under such circumstances to make application for a loan where the two mortgages do not exceed the appraised value of the home?

Mr. LUCE. I had so understood. The bill is complicated and some of my answers must have a string attached to them, but it is my understanding that when the total of the mortgages comes within the limit they can be handled under this law.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. MARTIN of Oregon. I want to thank the gentleman for his lucid explanation of this bill. I wish him to make a further explanation of the 80-percent valuation provision. Our experience in Oregon with home-loan mortgages has resulted in losses through overappraisal of property. I do not understand that it is a good business venture to loan on property up to 80 percent of its value when it is notorious that appraisers overappraise, especially in reference to Government loans. Will the gentleman be so kind as to explain how this 80 percent is to be arrived at?

Mr. LUCE. In reply to the gentleman's question, I may say that in my own State the mutual savings banks may loan up to 66⅔ percent. For a long time the cooperative banks, another name for building and loan associations, could lend up to 75 percent. We found it safe to increase that to 80 percent. This was the figure we used in the home loan bill last year, because the greater part of the building and loan associations do lend up to 80 percent. In view of the terrible drop in land values in the last 3 years, thousands of banks and other lending institutions have been caught because they lent too large a percentage of the security. I share the gentleman's apprehensions. For my own part I would have been willing to have had that reduced in order to get greater safety, but in consideration of the fact that the first part of this bill is an emergency proposal confined to 3 years, I came to recognize that by reason of the great distress of these people, threatened with the loss of their homes, we well might not insist on the extreme of ordinary business prudence.

Mr. CELLER. Section 5 of the bill provides that Federal saving-and-loan associations may be established in districts now insufficiently served by local thrift and home-financing institutions, and then on page 14, subdivision (i), section 5, provision is made for any Federal home-loan bank to convert itself into a Federal savings and loan association, whether that particular district is sufficiently or insufficiently served by the present loan thrift or home-financing institution. Does not the gentleman think that this will have a tendency to force the mutual savings and loan associations into the Federal System? In other words, if you have a group of mutual saving and loan associations and one is permitted to convert into a Federal institution, this in and of itself will force more business to the Federal association to the detriment of the other mutual associations.

Mr. LUCE. It is not understood that that would be permitted by the Board.

Mr. CELLER. I believe that would be the effect.

Mr. LUCE. I have no doubt it would, and we have tried very hard to guard against it.

Mr. CELLER. For example, in the city of Newark there are 500 mutual associations and if 2 or 3 or 4 of those associations should convert, they would very soon drive the others out of business.

Mr. LUCE. We never dreamed of the possibility of permitting such a thing as that.

Mr. CELLER. Why do you provide for conversion and what is the necessity for it?

Mr. LUCE. Because there are places in my own State, for example, numerous small towns, that have but one cooperative bank and if it desires to convert we thought it should have the possibility of doing it. In my own city, however, there are two of them, and I have not the remotest idea that the Board would ever permit one alone of the two to convert.

Mr. CELLER. You have a proper limitation in the first provision?

Mr. LUCE. We leave such things to the judgment of the board. We give the board great power to administer the act.

Mr. CELLER. In this instance you take away the power and do not set up a standard when you allow conversion. If you put the same limitation on conversion that you do on establishing the Federal institutions in the first instance, I would go along with the gentleman, but in this particular you take away the safeguarding provision.

Mr. LUCE. On that particular, if the gentleman can convince the chairman of the committee it is wise to accept such amendment, I would not object.

Mr. STUDLEY. Did the committee give consideration to the situation that confronts the home owner in the metropolitan area of New York? and I presume the same thing is true in Boston, where the land is of great value and \$10,000 will not satisfy the mortgage. Therefore this bill will bring no relief to such persons.

Mr. LUCE. It will not. I cannot speak for the whole committee as to their views, but my own view is that we ought to have followed the home-loan bank bill of last year.

Mr. RICH. Are the valuations of today to be considered in respect of these properties on which they are going to lend up to 80 percent, or are you going to take 80 percent of the value in 1928 or 1929?

Mr. LUCE. Present value.

Mr. KELLER. Along the same line, may I ask the gentleman whether or not, as a matter of fact, you are not justified in placing the percentage of the loan at 80 percent because of the present terrifically devalued condition of property in the country?

Mr. LUCE. That is one factor, and it will be further considered when we reach that section of the bill, because I am certain amendments will be offered.

Mr. KELLER. May I also ask when and by what method we can bring before this body consideration of further prevention of tax-proof securities? I will appreciate the information.

Mr. LUCE. A resolution to that effect would go before the Committee on Ways and Means.

Mr. MOTT. I was very much interested in the gentleman's statement that the people should be warned that they must not expect either too direct or too speedy action in this regard. I think the gentleman is correct, and I would ask him if it is not his opinion that not only the title of the bill itself, but the message of the President in regard to it, and the newspaper comments that have gone out to the country about it are all calculated to raise in the people the hope that they will get both direct action from the Government by way of direct loans and also speedy loans.

Mr. LUCE. It is a big problem, this, of how far you are justified in cheering up the public. I will not answer the question. I cannot answer it.

Mr. MOTT. I am asking now, in view of your statement that a damper should be put on the people, if it is not a fact that heretofore their hopes have been too optimistically aroused both by the title of the bill itself and the President's message in regard to it.

Mr. LUCE. The gentleman is absolutely right.

Mr. JENKINS. Suppose in a town where they have three building and loan companies, one of them has availed itself of the opportunity to become associated with the home-loan bank and the other two have not, and suppose an individual living in that community wishes to avail himself of the opportunities of this bill, will he have to apply to that representative or that one building and loan association that is now a part of the home-loan bank or can he make his application direct to the home-loan bank?

Mr. LUCE. I cannot give the gentleman a definite answer. I will have to check up on that.

Mr. DE PRIEST. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. DE PRIEST. On page 2, line 8, you limit the value of the homestead to not exceeding \$15,000.

Mr. LUCE. I beg the gentleman's pardon, but that will come up under the 5-minute rule.

Mr. DE PRIEST. I received a letter from a man who owns a home in which he lives, for which he paid \$30,000 and he only owes \$8,500. Could he get any relief under this bill?

Mr. LUCE. I am sorry to say that he could not get any. I tried to get that remedied, but I was not successful.

Mr. SWICK. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. SWICK. On page 6, line 20, there is a provision with reference to making payments sufficient to retire the interest and principal within a period not to exceed 15 years. Suppose that a man has not been able to pay the interest or the principal for 3 years or taxes for 3 years. Will he benefit by this loan?

Mr. LUCE. That question has been raised, and an amendment has been suggested—I do not know whether it will be offered or not—to take care of the 3-year period by a moratorium, so to speak. The framers of the bill thought that we had gone as far as we should go.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Washington.

Mr. ZIONCHECK. The home-loan corporation created by the act will not be able to make a direct loan. Must he turn the money into the banking board association?

Mr. LUCE. Gentlemen will understand that this corporation is the Home Loan Board under another guise, and if he will look at section 5, page 5, paragraph (d), and page 7, paragraph (e), he will find that this corporation may make loans under conditions set forth.

Mr. DONDERO. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. DONDERO. Is there anything in the bill which would permit the sale of the bonds for cash, so that some cash would be available to pay the mortgage? In other words, if the mortgagee threatens to foreclose—

Mr. LUCE. If the bank has taken over the mortgage and given bonds for it, it is expected that will meet whatever the mortgagor can require.

Mr. DONDERO. Suppose the mortgagee, in view of the fact that the principal is not guaranteed by the United States, refuses to accept the bonds and continues the fore-

closure against the mortgagor. Does not that defeat the purpose of the bill in giving relief?

Mr. LUCE. To what extent that will be possible I do not know, but I believe that nearly all the mortgagors of homes will be able to get relief under this bill.

Mr. RICH. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. RICH. The gentleman said awhile ago that you would take the present valuation of the property. If you start the inflation, you will not be able to take in all the property—

Mr. LUCE. I would be willing to discuss that subject with the gentleman at a much greater length of time than I have now.

Mr. ADAMS. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. ADAMS. Is there any provision made for payment of back taxes?

Mr. LUCE. There is a direct loan for that purpose to the mortgagor.

Mr. ADAMS. Is that mortgage increased in any amount?

Mr. LUCE. If the gentleman will read the section at the bottom of page 5 to which I have referred, he will find the provision.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. PIERCE. Under this bill interest on the bonds alone is guaranteed by the Government?

Mr. LUCE. Yes.

Mr. PIERCE. What is supposed to be the difference in market value between bonds carrying a guaranty of interest only and straight Government bonds?

Mr. LUCE. I do not think that matter was brought out in the hearings.

Mr. PIERCE. Has the gentleman any estimate of the difference in value in the market?

Mr. LUCE. I could not give the gentleman any estimate.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, the gentleman from New York agreed to yield his 5 minutes to me.

Mr. GOLDSBOROUGH. I have not any more time to yield.

Mr. COCHRAN of Missouri. Very little can be said in reference to this proposition in 5 minutes.

The problems confronting the home owner cannot be exaggerated. His condition is most critical. The question as I see it is whether the Congress is going to stand by and see hundreds of thousands of honest citizens and their families turned out into the street, lose their life savings, because they are unable to renew mortgages upon their homes. Hundreds of thousands of our God-fearing citizens, home-loving people, have already been turned out of their homes. I have heard from these people by the thousand, and I say to the distinguished gentleman from Massachusetts [Mr. LUCE], always interesting, a man who always knows his subject, that the reason thousands of applications were not filed in the Des Moines, Iowa, office was because the people knew that they would be wasting a 3-cent stamp if they filed an application. They knew absolutely that there was no opportunity for an individual to secure a loan from the Home Loan Bank Board; and my prediction made months and months ago that no loans would be made to an individual came true, and it is true today, because not one individual has ever received a loan from that Board. If the speech just made by the gentleman from Massachusetts [Mr. LUCE] had been made on the floor of this House in the closing days of the last session, we would not have had a Home Loan Bank Board today, because that speech would have been defeated in the House.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Not now. We were led to believe by the chairman of the committee, and other members of the committee, that the individual would be taken

care of. We enacted the bill, and it is nothing more than a sales agency for the building and loan associations. [Applause.] That is all it is. Analyze it in any way that you desire and that is the final conclusion to which you must come. We all know how one becomes a member of a building and loan association. A man cannot simply walk into the office and join. How is a person who has a mortgage on his home, who cannot pay taxes or interest, going to make any subscription to a building-and-loan association in order that he might become a member and make a loan or have them take up his mortgage?

Officials connected with the Home Loan Bank Board tried to build a fire under me out in Missouri just before election because I would not keep still. I welcomed their opposition. Since our legislature has been in session officials of the Home Loan Bank Board have sent me letters and telegrams urging me to urge the members of the legislature to adopt legislation that will permit the building and loan associations of my State to participate. I am here not representing one particular class of people, but I am here representing all of the people. [Applause.] I pity any individual who is unable to join such an association, and he is the man I want to see the Government take care of. Gentlemen speak of not making it a direct loan to the individual. Does anyone know of any better security in the world than the homes of the country?

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. COCHRAN of Missouri. Mr. Chairman, the country is full of money. Pass a real bill here and you will pry that money loose that is now in hoarding. Let me give you the best evidence in the world in reference to this country's being full of money. I have it here from the Treasury Department. How long has it been since anyone here has seen any of the old large money? It is years. Yet on March 31, 1933, the Treasury Department tells me, there were still outstanding, that has not shown up for redemption, \$426,972,925 of the old money. Where is it? It is sewed up in mattresses, hidden in chimneys, or down under the ground somewhere—put away. The people are scared. You will pry loose that money the minute you show them that the Government is going to take over these mortgages. Your banks will then loan some of the money they have on hand. I propose under the 5-minute rule to have something else to say about this bill. I think we should let it be known now that the purpose of this legislation is to take care of the individual, and I will offer such an amendment at the proper time.

We cannot rewrite a bill of this character on this floor. There has been too much mystery surrounding this legislation. Nobody saw this bill until last night. Nobody could look at it. Why be in a hurry. We are a month or two ahead of the Senate. Legislation of this character should be carefully considered and the Members should have had reasonable time to prepare amendments.

I cannot see the necessity for setting up corporations of this kind in the States. I think the present bank can take care of this proposition. If we can loan money to the farmers for seed and feed for cattle when the only collateral we have is the crop and the cattle, why not loan a man money on his home? The home is there. It is better security than anything else that could be given to the Government. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri [Mr. COCHRAN] has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. DUFFEY].

Mr. DUFFEY. Mr. Chairman, I desire to voice my approval of H.R. 5240.

During my active practice of law in Toledo, Ohio, the financing of homes and the legal work incident to this class of transaction has been a matter of particular study. At the time that the original act was passed in the Seventy-second Congress, I acquainted myself with its provisions. It is my

judgment that the legislation then did not adequately meet the problem of the home owner who was at that time in the position where mortgage refinancing was essential. After the Federal Home Loan Bank Board was organized under that statute and the various district boards throughout the country were organized, I gave further study to the provisions and operations of the law. Mr. James V. Davidson, of Toledo (one of the directors of the Federal Home Loan Bank Board of Cincinnati, known as district no. 5, embracing the States of Ohio, Kentucky, and Tennessee) called my attention to the excellent report of the reviewing committee for that district, which recently submitted the semiannual report on the financial condition, practices, and policies of their board. Such report is very enlightening and shows how great benefits can be realized when properly administered. However, I have never really been satisfied with the general operation under the existing statute for the particular reason that the provisions of the law, as well as the rules and regulations adopted, did not reach the individual problems of the home owners themselves who were intended or should have been intended to be aided and benefited by that law. Mr. Chairman, the proposed H.R. 5240 corrects this situation. The bill actually will provide direct, necessary, and urgent relief to millions of home owners in the United States, who are today threatened with the loss of their homes and the equity which has taken years to acquire. Delinquent taxes and assessments have accumulated. In my congressional district, where foreclosure suits were filed by the hundreds, our courts on their own motion saw fit to withhold the order of sale where it appeared that the defaulted mortgagor was a home owner in possession. And on the other hand, in many instances, the mortgagee has been some life insurance company or a building and loan association, a bank, or similar financial institution, whose assets and reserves were invested in first mortgages on homes, an investment always considered as a safe form of investment. This class of mortgagees are to be considered in fact as trustees for thousands of depositors and policyholders, who have been dependent on such assets and should have protection and a return on their insurance policies. Therefore, it is not only the home owners but also thousands of beneficiaries who receive aid and benefit through the provisions of the proposed act.

The bonds to be exchanged for these mortgages will bear interest at 4 percent, to be guaranteed by the Government; the new mortgages will be at the rate of 5 percent. The spread of 1 percent is hardly sufficient to meet all the necessary administrative expenses; but even if the Government should lose something in this matter, it is well worth it in the interest of homes and society. One of the results of this bill will be that both the mortgagor and the mortgagee will be benefited, and if any benefits accrue in the scaling down of the obligations, this reduction will go to the mortgagor, the home owner.

I have conferred with the members of the Federal Home Loan Bank Board in Washington, and I have requested certain definite information and figures which will be of great benefit to all the Members of the House in analyzing the exact situation which faces the defaulted home owner in every State in the Union. These facts, data, and statistics are now available for your information. [Applause.]

Mr. Chairman, I ask unanimous consent of the House to extend my remarks by adding the following memoranda and statements.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The memoranda are as follows:

APRIL 24, 1933.

HON. WARREN J. DUFFEY,

House of Representatives, Washington, D.C.

MY DEAR MR. DUFFEY: In response to your request of April 20 I am very glad to send you with this letter a memorandum containing our estimate of the volume of urban home mortgages and other urban mortgages outstanding on January 1, 1932, and broken down among the principal types of mortgage lenders.

Accompanying the memorandum you will find tables showing the total volume of all mortgages held by building and loan associations, banks, and insurance companies. Wherever these are

shown by States the figures represent the volume of mortgages held by institutions whose principal offices are located in the respective States. This means that all mortgages held by large insurance companies, such as the Prudential, for example, are shown in the figures for New Jersey, etc. So far I have been unable to find a satisfactory analysis of the volume of insurance-company loans in each State. All other types of mortgage lenders, however, confine their loans almost exclusively to their respective States, and accordingly the State pictures for these institutions are clearer than they are for insurance companies. The national totals are equally clear for all types of institutions.

Please note that the figures in our memorandum, showing a grand total of \$36,295,000,000 urban mortgages, of which our estimate shows \$21,450,000,000 in urban home mortgages alone, does not involve farm mortgages. The latest estimate made by the United States Department of Agriculture shows that the total indebtedness on farms (including mortgages held by individuals, as well as junior mortgages) amounted to \$8,500,000,000.

Trusting that these figures give you the information you desire, I am,

Sincerely yours,

ARTHUR J. MERTZKE, Economist.

Estimated volume of urban mortgages in the United States in 1932¹

[Prepared by Division of Research and Statistics, Federal Home Loan Bank Board, Washington, D.C., Mar. 31, 1933]

Institution	Total urban mortgages	Urban mortgages, other than home mortgages	Home mortgages		
			Total	Eligible ²	Noneligible
Total	\$36,295,000,000	\$14,844,500,000	\$21,450,500,000	\$11,956,500,000	\$9,494,000,000
Federal Reserve member banks	2,500,000,000	1,050,000,000	1,450,000,000		1,450,000,000
Mutual savings banks	5,850,000,000	2,457,000,000	3,393,000,000	3,393,000,000	
All other banks	1,800,000,000	756,000,000	1,044,000,000		1,044,000,000
Building and loan associations	7,205,000,000	720,500,000	6,484,500,000	6,484,500,000	
Insurance companies	5,940,000,000	3,861,000,000	2,079,000,000	2,079,000,000	
Real-estate mortgage companies	3,000,000,000		3,000,000,000		3,000,000,000
Real-estate mortgage bonds	5,000,000,000	5,000,000,000			
Individuals	5,000,000,000	1,000,000,000	4,000,000,000		4,000,000,000

¹ See attached memorandum for explanation of estimates.

² Eligible as collateral for loans from Federal home-loan banks.

³ Includes stock savings banks eligible for membership in Federal home-loan banks.

APRIL 24, 1933.

ESTIMATED VOLUME OF URBAN MORTGAGES IN UNITED STATES IN 1932

The accompanying table shows the estimated volume of urban mortgages held by banks, building and loan associations, insurance companies, and mortgage companies, as well as estimates of the total outstanding real-estate mortgage bonds and mortgages held by individuals. The aggregate volume of mortgages held by all these groups, as estimated for each group, is \$36,295,000,000.

The figures showing the total urban mortgages held by Federal Reserve member banks, mutual savings banks, and all other banks are based upon December 31, 1932, reports filed with the Comptroller of the Currency. The total for building and loan associations is based upon figures compiled as of December 31, 1931, by C. F. Cellarius, Secretary of the United States League of Building and Loan Associations. The total figure for insurance companies is based upon the aggregate mortgage holdings of all insurance companies, on December 31, 1931, as shown by Best's Insurance Reports, minus the volume of farm-mortgage loans of life-insurance companies in 1931 (and the same proportion was also deducted from the total mortgage holdings of casualty-, fire-, and marine-insurance companies).

The figures representing the volume of mortgages held by mortgage companies represent a conservative guess based upon limited data. The United States Department of Agriculture estimated that in 1928 mortgage companies held \$1,600,000,000 in farm mortgages alone. Scattered studies on the volume of second mortgages indicate that in ordinary times these constitute from 10 percent to 15 percent of the volume of first mortgages. Hence this item alone would ordinarily represent an amount in excess of the estimated total of \$3,000,000,000 in mortgages held by mortgage companies at the present. The figures representing real-estate mortgage bonds are based upon tabulations showing the aggregate volume of such bond issue since 1920, minus maturities and repayments to date. Urban mortgages held by individuals are very difficult to estimate accurately, but such sample studies as have been made indicate that in the farm-mortgage field, for example, individuals hold 30 percent of all farm mortgages. More limited studies in the urban-mortgage field indicate that this percentage is less in the urban field and approximates 20 percent in urban-home mortgages. Among urban mortgages on properties other than homes, the percentage of mortgages held by individuals would doubtless be much lower.

DIVISION BETWEEN HOME MORTGAGES AND OTHERS

Banks

The figures representing urban-home mortgages of banks are based upon the total mortgage holdings of these institutions as reported to the Comptroller of the Currency on December 31, 1932.

A survey of the mortgage holdings of banks shows a wide variation among institutions in the percentage of urban-home mortgages to total mortgages. Mutual savings banks in the northeast portion of the United States, for example, invest from 60 to 90 percent of their mortgage loans in urban-home mortgages, whereas in some of the Western States urban-home mortgages represent less than 30 percent of the total mortgage holdings. The average for the United States was 58 percent. Consequently, the figures shown on the attached table represent 58 percent of the total mortgage holdings of all six types of banking institutions included in the tabulation.

Building-and-loan associations

In the case of building-and-loan associations, the estimate of the volume of home mortgages was based upon the aggregate vol-

ume of mortgages held by building-and-loan associations in each State as shown by the 1932 annual report of the secretary of the United States Building and Loan League. A survey of building and loan associations' mortgage investments indicated that in general 90 to 95 percent of their mortgage investments are in the form of small urban-home mortgages. Accordingly, the figures shown on the attached table as the volume of mortgages on small urban homes represent 90 percent of the total mortgage holdings of all building and loan associations in each State.

Insurance companies

In computing the estimated total volume of urban-home mortgages held by insurance companies, the total volume of all mortgages held by insurance companies in each State was first tabulated. These figures were taken from Best's Insurance Reports for 1932, and represent mortgages held by insurance companies on December 31, 1931. The figures include mortgages held by fire, marine, and casualty companies, as well as life-insurance companies. The great bulk of these mortgages, however, are held by life-insurance companies, as may be seen from the following tabulation:

Types of companies

	Total amount of mortgages held
Life-insurance companies	\$7,752,377,409
Fire- and marine-insurance companies	89,830,191
Casualty- and miscellaneous-insurance companies	8,021,706,305
Total	8,021,706,305

The urban mortgage holdings of insurance companies were obtained by deducting their farm-mortgage loans as explained above. The balance, or \$5,940,000,000, representing urban mortgages, was divided between home and other mortgages in the following manner:

On the basis of a survey covering 84 of the principal life-insurance companies of the United States it was found that the volume of home mortgages held by these 84 companies represented approximately 35 percent of their total urban-mortgage holdings at the close of 1931. Accordingly the figures showing in the attached table the volume of urban-home mortgages held by insurance companies in each State represent 35 percent of the total volume of urban mortgages held by all insurance companies whose principal offices are located in the respective States.

Farm-mortgage debt

The indebtedness on farms in 1932, as estimated by the United States Department of Agriculture, was \$8,500,000,000. In this estimate are included not only first mortgages held by financing institutions but also farm mortgages held by individuals and second mortgages on farms.

On the basis of the foregoing figures, the total real-estate mortgage debt in the United States in 1932 was as follows:

Urban-home mortgages	\$21,450,500,000
Other urban mortgages	14,844,500,000
Farm mortgages	8,500,000,000
Total	44,895,000,000

ARTHUR J. MERTZKE, Economist.

FEDERAL HOME LOAN BANK BOARD,

April 25, 1933.

The attached tables, showing figures by States, represent part of the "raw material" used in preparing our estimate.

I enclose them for the partial light they throw upon the volume of mortgages in the several States, even though the figures for banks are incomplete and the figures for insurance companies are shown in the States of the "home offices" of insurance companies.

A. J. MERTZKE.

Total mortgages held by building-and-loan associations

[Taken from page 377 of the Building and Loan Annals, 1932. Prepared by the Division of Research and Statistics, Federal Home Loan Bank Board, Washington, D.C.]

United States	\$7,205,339,610
Alabama	21,334,440
Arizona	4,244,939
Arkansas	39,161,397
California	376,294,355
Colorado	47,829,502
Connecticut	24,119,570
Delaware	13,737,035
District of Columbia	77,909,000
Florida	9,974,671
Georgia	5,896,577
Idaho	4,618,016
Illinois	420,693,034
Indiana	253,283,000
Iowa	43,330,170
Kansas	104,800,641
Kentucky	117,769,255
Louisiana	144,521,927
Maine	23,697,954
Maryland	(¹)
Massachusetts	494,649,494
Michigan	147,105,279
Minnesota	36,220,560
Mississippi	16,783,600
Missouri	174,798,717
Montana	18,318,003
Nebraska	113,541,355
Nevada	875,400
New Hampshire	13,503,444
New Jersey	1,026,215,919
New Mexico	4,255,224
New York	387,958,762
North Carolina	76,194,700
North Dakota	12,098,430
Ohio	1,030,943,146
Oklahoma	113,008,382
Oregon	20,806,860
Pennsylvania	975,000,000
Rhode Island	31,629,854
South Carolina	(¹)
South Dakota	5,554,716
Tennessee	15,440,871
Texas	110,740,498
Utah	35,716,777
Vermont	4,923,043
Virginia	53,874,187

¹ Included in "Other States."

Total mortgages held by building-and-loan associations—Con.

Washington	\$56,249,507
West Virginia	30,399,384
Wisconsin	254,423,561
Wyoming	8,789,404
Other States	202,700,000

Total mortgages held by all insurance companies

[Source: Best's Insurance Reports. Figures as of Dec. 31, 1931]

	Total mortgages of life insurance companies	Total mortgages of fire and marine insurance companies	Total mortgages of casualty and miscellaneous insurance companies	Total mortgages of all insurance companies
United States	\$7,752,377,409	\$98,830,191	\$170,493,705	\$8,021,716,305
Alabama	4,120,734	372,411	226,000	4,728,145
Arizona		507,481		507,481
Arkansas	911,977			911,977
California	102,919,555	5,117,765	21,715,000	129,752,320
Colorado	9,275,883	407,266	43,036	9,726,185
Connecticut	371,144,179	5,599,509	57,001,500	433,745,188
Delaware	5,210,739	233,200		5,443,939
District of Columbia	29,937,299	1,859,349	85,000	31,881,648
Florida	578,233			578,233
Georgia	222,125	399,270		621,395
Illinois	141,237,633	3,766,774	9,122,611	154,127,018
Indiana	109,215,866	1,112,531	1,787,489	112,115,886
Iowa	192,726,396	4,710,827	713,264	198,150,487
Kansas	34,366,527	825,922	157,000	35,349,449
Kentucky	9,709,060	129,325		9,838,385
Louisiana	13,561,356	412,100	2,265,000	16,238,456
Maine	1,033,205	7,057		1,040,262
Maryland	17,317,581	617,376	2,254,000	20,188,957
Massachusetts	652,316,921	3,261,684	8,312,236	663,890,841
Michigan	42,774,648	5,445,994	2,422,151	50,642,793
Minnesota	20,342,222	3,183,238	226,786	23,752,246
Mississippi	4,705,185	193,136		4,898,321
Missouri	94,084,207	897,359	5,550,421	100,531,987
Montana	1,644,463	38,899		1,683,362
Nebraska	42,546,009	1,606,041	586,529	44,738,579
New Hampshire	1,519,869	278,880	41,500	1,840,249
New Jersey	1,390,340,049	10,290,361	9,703,162	1,410,333,572
New Mexico	186,850			186,850
New York	3,024,601,192	14,672,224	21,311,150	3,060,584,566
North Carolina	33,792,797	861,230	84,000	34,738,027
North Dakota	3,725,163	25,612		3,750,775
Ohio	330,421,979	2,455,656	17,808,239	350,685,874
Oklahoma	4,527,793	404,693		4,932,486
Oregon	2,133,619	67,869	61,000	2,262,488
Pennsylvania	364,447,824	15,707,245	4,054,100	384,209,169
Rhode Island	92,100	371,967		464,067
South Carolina	2,665,097	320,558		2,985,655
South Dakota	1,929,664	64,675	139,240	2,133,579
Tennessee	28,992,742		249,191	29,241,933
Texas	82,308,319	4,207,465	2,078,282	88,594,066
Utah	3,463,897	348,912		3,812,809
Vermont	63,001,346		12,000	63,013,346
Virginia	64,626,708	955,706	153,175	65,735,589
Washington	9,104,826	1,078,951	60,000	10,243,777
West Virginia	4,474,157	309,470		4,783,627
Wisconsin	434,090,415	5,703,603	2,275,643	442,069,661

Total mortgages held by banks

[Source: U.S. Comptroller's Report; figures as of June 30, 1932. Figures in this table are complete for national banks only]

	Total mortgages of all banks	National banks	State banks	Loan and trust companies	Stock savings banks	Mutual savings banks	Private banks
United States	\$9,889,572,000	\$1,612,264,000	\$1,076,166,000	\$1,233,493,000	\$67,658,000	\$5,895,095,000	\$4,896,000
Alabama	20,785,000	9,695,000	9,935,000		1,037,000		118,000
Arizona	8,423,000	1,487,000	6,936,000				
Arkansas	17,893,000	5,105,000	12,788,000				
California	573,387,000	492,606,000	4,255,000	3,200,000	24,511,000	48,815,000	
Colorado	10,943,000	7,562,000	1,866,000	1,515,000			
Connecticut	497,342,000	22,227,000		66,090,000		408,857,000	168,000
Delaware	30,408,000	1,869,000	4,834,000	9,898,000		13,787,000	
District of Columbia	28,467,000	3,729,000		17,196,000	7,542,000		
Florida	15,633,000	6,361,000	6,891,000	2,033,000	348,000		
Georgia	30,370,000	8,009,000	22,354,000				7,000
Idaho	4,649,000	1,705,000	2,354,000				
Illinois	166,379,000	27,687,000	138,692,000				
Indiana	32,031,000	32,031,000					
Iowa	16,297,000	15,634,000					663,000
Kansas	29,523,000	9,271,000	15,589,000	3,785,000	872,000		6,000
Kentucky	13,605,000	13,605,000					
Louisiana	53,518,000	6,961,000	46,557,000				
Maine	76,305,000	8,873,000		33,161,000		34,271,000	
Maryland	124,848,000	10,202,000	19,487,000	20,391,000		74,768,000	
Massachusetts	1,427,062,000	75,739,000		111,084,000		1,240,229,000	
Michigan	428,571,000	203,226,000	144,818,000	67,333,000	10,531,000		643,000
Minnesota	22,824,000	22,824,000					
Mississippi	8,570,000	8,570,000					
Missouri	13,345,000	13,345,000					
Montana	5,526,000	2,099,000	3,427,000				
Nebraska	12,119,000	4,893,000	7,226,000				
Nevada	7,671,000	2,198,000	3,694,000		1,779,000		
New Hampshire	83,130,000	5,074,000					
New Jersey	460,236,000	84,173,000	8,920,000	171,389,000	14,058,000	181,496,000	200,000
New Mexico	3,050,000	2,106,000	447,000	487,000			
New York	4,035,427,000	112,643,000	48,275,000	337,909,000		1,536,142,000	458,000

Total mortgages held by banks—Continued

[Source: U. S. Comptroller's Report; figures as of June 30, 1932. Figures in this table are complete for national banks only]

	Total mortgages of all banks	National banks	State banks	Loan and trust companies	Stock savings banks	Mutual savings banks	Private banks
North Carolina.....	\$4,373,000	\$4,373,000					
North Dakota.....	8,306,000	6,058,000	\$2,248,000				
Ohio.....	498,386,000	71,590,000	384,090,000			\$39,891,000	\$2,215,000
Oklahoma.....	12,584,000	12,584,000					
Oregon.....	17,508,000	9,087,000	8,037,000	\$513,000	\$171,000		
Pennsylvania.....	603,513,000	158,005,000	58,073,000	262,456,000		124,728,000	251,000
Rhode Island.....	143,276,000	4,509,000		70,903,000		67,774,000	
South Carolina.....	2,486,000	2,486,000					
South Dakota.....	7,275,000	3,197,000	3,576,000	510,000			1,000
Tennessee.....	10,547,000	10,547,000					
Texas.....	59,757,000	35,226,000	24,365,000				166,000
Utah.....	33,152,000	2,271,000	8,093,000	15,956,000	6,809,000		
Vermont.....	82,132,000	6,322,000		34,033,000		41,772,000	
Virginia.....	21,426,000	21,426,000					
Washington.....	8,924,000	8,924,000					
West Virginia.....	12,441,000	12,441,000					
Wisconsin.....	103,534,000	20,134,000	75,395,000	3,496,000		4,509,000	
Wyoming.....	3,908,000	1,575,000	2,333,000				

The CHAIRMAN. All time has expired. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Home Owners' Loan Act of 1933."

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to ask the gentleman from Maryland a question, but may I state first that my colleague has no higher regard for Mr. Stevenson than I have?

The gentleman said the corporation was authorized to issue \$2,000,000,000 worth of bonds. Does the gentleman feel it is an absolute necessity to form additional savings-and-loan associations?

Mr. GOLDSBOROUGH. If a county has no organization whatever to loan money, the gentleman knows, probably as well as or better than I, that it is almost impossible to get money from a bank at this time. It was on this theory that these associations were authorized to be set up.

Mr. COCHRAN of Missouri. My question is prompted by the fact that Congress has passed laws appropriating hundreds of millions of dollars for the purpose of being loaned to individual farmers for seed and crop production and for feed for cattle, and so forth. Under such laws regional offices have been opened throughout the country. There is one in my city. All the farmer has to do to get a loan is to fill out the proper application blanks and file them with the regional office. He then gets money for seed and plants the seed.

Why cannot this corporation carry on in the same way, by opening up regional offices, and where they find people who come within the terms of this act, who fill out the proper application blanks and submit the proper affidavits showing they are unable to get a loan elsewhere, take over their mortgages?

Why not clarify and simplify the matter by taking out all the red tape and all the delay and make the loans to people entitled to them after due inspection and examination of the facts of the individual case?

Mr. GOLDSBOROUGH. The gentleman knows that such a set-up is not within the scope of this bill.

Mr. COCHRAN of Missouri. I am trying to simplify matters.

Mr. GOLDSBOROUGH. May I ask the gentleman if he has introduced a bill covering the ground he speaks of?

Mr. COCHRAN of Missouri. I introduced a bill in the last session of Congress and also in the present Congress providing that direct loans under the Home Loan Bank Act could be made up to 80 percent.

Mr. GOLDSBOROUGH. The only answer I can make is that what the gentleman speaks of does not come within the scope of this legislation. It is not intended to cover every case. It is intended to cover cases as far as individual mortgagors are concerned where there is a state of mind on the

part of mortgagor and mortgagee which would permit the refinancing; that is all; that is the scope of the bill.

Mr. COCHRAN of Missouri. In other words, then, only the owners the gentleman referred to a minute ago can get relief, the case of a mortgagee owning a \$10,000 mortgage willing to take \$7,000 or \$7,500 in bonds rather than go through foreclosure proceedings. Only mortgagees in that class of cases are covered by this legislation.

Mr. GOLDSBOROUGH. That is correct; yes.

Mr. COCHRAN of Missouri. And the individual having a \$3,000 or \$4,500 mortgage against his property wishing to refinance it gets no relief at all?

Mr. GOLDSBOROUGH. If the gentleman has read the bill, he knows such an individual cannot get relief under this bill.

Mr. COCHRAN of Missouri. Is it going to be another fraud like the one we enacted at the last session of Congress?

Mr. GOLDSBOROUGH. This is not a fraud. The bill has been thoroughly explained, has been correctly explained. Had the gentleman listened to the general debate, he would now understand the bill.

Mr. COCHRAN of Missouri. Are we, then, going to be honest and tell the people that this bill is not a set-up through which the Government will take over their mortgages?

Mr. GOLDSBOROUGH. Not at all. Only people coming within the purview of the bill can get relief under it. If a person does not come within the terms of the bill, his case will be no different than had this legislation not been passed.

Mr. COCHRAN of Missouri. It depends upon whether or not the man who holds the mortgage will accept bonds. Insurance companies and building-and-loan associations cannot accept the bonds under the State laws.

Mr. BRUNNER. Of course, if the mortgagee does not want to do any refinancing, he cannot be compelled to do it.

Mr. COCHRAN of Missouri. In that event we cannot allow the mortgagor anything to pay off taxes and liens.

Mr. GOLDSBOROUGH. Oh, yes; there is such a provision in the bill. Money can be loaned for the purpose of paying taxes.

Mr. COCHRAN of Missouri. That will be a second lien.

Mr. GOLDSBOROUGH. No; it will be a first mortgage.

Mr. COCHRAN of Missouri. Suppose a first mortgage already exists on the property. In such a case you could not loan him money to pay interest and taxes.

Mr. GOLDSBOROUGH. If 80 percent of the appraised value of the property amounts to more than the first mortgage, the mortgagor can get an additional loan.

Mr. COCHRAN of Missouri. Is the bill to be administered on the basis of assessed value or appraised value?

Mr. GOLDSBOROUGH. On 80 percent of the appraised value.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am in favor of this bill, but I want to point out certain developments which have occurred in Newark, N.J., where is located the Federal home-loan bank serving New York State.

It is one thing for us to pass legislation of as good a character as this legislation, but it is another thing to have our good efforts frustrated and our glorious purposes balked by inefficient and self-seeking officials.

Now, I charge that the board of directors, with few exceptions, of the Federal home-loan bank in Newark, its whole personnel and staff, have done everything in their power to frustrate our efforts. We sought to help mutual savings and loan associations and small-home owners. They sought to prevent carrying out of our efforts.

For example, section 4 (a) of the old act provides that relief may be given directly to home owners up to a certain percent of the appraised valuation of their properties. Deliberately the officials passed some sort of a general order or regulation which in effect prevented the carrying out of our express mandate that home owners should be directly relieved.

The home-loan bank officials in Newark deliberately went out of their way to prevent giving the relief which was so desired and which was so necessary to the distressed home owners in New York City, including Brooklyn, all Long Island, and the various other sections and communities of the States of New Jersey and New York.

Soon after the home-loan bank was established at Newark there developed a definite hostility to the bank. Newspapers flayed it and its directors and personnel. Instead of attempting to assuage this antipathy, they seemed not to care. They seemed to assume an attitude of the "public be damned." Instead of meeting the people half-way, explaining their difficulties and limitations, they coldly and unsympathetically received applicants, if they did not actually slam the door in their faces. These directors and officers and their attitude rendered not service but disservice. Politics ruled the day. The bank was simply a place to dish out political jobs. Franklin Fort put his partners, associates, friends, and political henchmen in places of power and influence. To get relief, the sine qua non was one's Republicanism.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. CAVICCHIA. The gentleman is reviving a question that former Congressman LaGuardia spoke of on this floor. Does not the gentleman know that the present chairman of the Board, a former Member of this House, is following out the same practice because they cannot make direct loans?

Mr. CELLER. No; he is not. He is gradually changing the situation for the better. We have to iterate and reiterate these matters in order to get relief. What our former colleague, Mr. LaGuardia, said is absolutely correct so far as Newark is concerned, and I lay the whole business at the door of our former colleague, Franklin Fort, because of the disservice he rendered to the Federal home-loan bank rather than service. He appointed all his ward heelers to political office, or rather made political officers of the staff and officers of the Federal home-loan bank at Newark. He paraded before the people of Newark and of New Jersey that this was a political proposition, and he caused all kinds of havoc. He turned public opinion against the bank. So much so, that if you ask anybody in New York or New Jersey who is a home owner about the Federal home-loan bank, he will throw up his hands in dismay. They think there that there can be no possible relief from the Federal home bank because of the actions of Franklin Fort and his political sycophants who are either members of the Board or a part of the personnel. I only make three exceptions to the statement that every one of the members of the Board have not demeaned themselves in a patriotic and efficient manner. I am going to name the three exceptions so as to get the record straight. George Lloyd has done good service. So

has Eustace Seligman. George McDonald has likewise performed good service. Every one of the others is not worth a pinch of snuff, and their resignations should be demanded forthwith.

Mr. CAVICCHIA. The gentleman is making it a matter of politics.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CELLER. No. Politics should play no part.

Mr. FITZPATRICK. The gentleman said 50 percent. Was not 40 percent all they would allow?

Mr. CELLER. They would not allow anything directly to home owners. They deliberately dodged the whole scheme and said it was not part or parcel of the purpose of Congress to make any direct loans in this way. They simply frustrated our efforts.

I have the greatest confidence in the present chairman of the Federal home-loan bank, our former esteemed colleague, Mr. Stevenson, of South Carolina. I am sure he is going to weed out these fellows in the Newark office.

I will say to the gentleman from New Jersey [Mr. CAVICCHIA] it is not a question of politics. I do not want the Democrats necessarily to control this situation any more than I want the Republicans to control it. This is a nonpartisan board, and their activities ought to be conducted in a nonpartisan spirit, but this was not the case with Fort in the saddle. It was conducted, and has been conducted up to this very moment in Newark, in a clearly partisan spirit, and it is time to call a halt in this regard. There is indeed need for a complete housecleaning. [Applause.]

Mr. REILLY. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the gentleman from Missouri [Mr. COCHRAN] in an address in the general debate on this bill made the statement that the home-loan bank bill would not have been passed by the House were it not for the fact that the Chairman of the House Banking and Currency Committee and his friends misrepresented the bill as giving relief to the individual home owner.

It was my privilege to write the report of the committee recommending the bill to the House for passage, and it is distinctly stated in that report that there was no help or hope for the individual home owner unless through membership in some home-financing institution. There was not one word in the debate in this House wherein there was any deception or fraud of any kind practiced. No member of the committee on either side of the House pretended in any way that the bill provided for direct loans to the individual home owner.

Mr. COCHRAN of Missouri. I am not talking about the House committee, I am talking about the conference committee after the Senate amendment was added.

Mr. REILLY. The home-loan bank bill was designed to serve existing home-financing institutions, as the Federal Reserve System at the present time serves its member banks.

Mr. COCHRAN of Missouri. But the Senate made it for individuals.

Mr. REILLY. The idea of a direct loan was grafted on the bill, as you have been told by the chairman of the committee today, and by the gentleman from Massachusetts [Mr. LUCE], and as the gentleman from Missouri ought to know, in the Senate, and the members of the Banking and Currency Committee of the House tried to get it out of the bill in conference, because there was no machinery for carrying into execution a direct loan. The direct-loan idea is contrary to the theory and purpose of the bill, and the gentleman from Missouri ought to know it, and not stand upon the floor of this House and send out to the country the charge that the Banking and Currency Committee of this House put a fraud over on the House and people in passing the home-loan bank bill by claiming it provided for direct loans to the home owner.

There was no fraud practiced on the House in the passing of the home-loan bank bill. The home-loan bank law was designed to work just as it is working. As one of the members of the Banking and Currency Committee of this

House who played a humble part in the framing of that bill, I may say I am well satisfied with the way the law is working. [Applause.]

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, in all fairness, it does seem to me that this legislation which we are about to consider today is in the first instance only another piece of legislation that is going to dash the hopes and aspirations of millions of people on the rocks.

There are some nine or ten billion dollars worth of mortgages which come within the provisions of this act. At least, I understand that is the estimate.

Now, how are we going to give them relief? The first thing is that there must be some money obtained to do it. Under this bill, \$200,000,000 is in sight. The rest of it comes over here in section (c), page 4, where it provides for the authorization of \$2,000,000,000. How is that \$2,000,000,000 obtained? Why, by selling bonds paying 4-percent interest, and the Government guarantees the interest but nothing more.

What security is back of these bonds? Collateral taken up on distressed-mortgage property. I do not believe that the bonds can ever be sold. Why should any citizen, in his right mind, buy bonds at 4 percent on which the Government guarantees the interest only when he can go into the open market and buy Government bonds paying 4½ percent, on which the Government guarantees both interest and principal. I hope it does not turn out that way, but my common sense tells me that this bill is going to be another case of leading the people to false hopes.

I have never committed myself to the proposition that it is the obligation of the Government to take care of the financial liabilities of the people or corporations. I have thought that that was radicalism. I cannot conceive of anything more radical than the Government taking the money out of your pocket and giving it to some other person or corporation.

Here the Congress is enacting a bill on the idea of giving relief to mortgage-distressed people in this country, and it must make some provision to get the money. If that is what Congress intends to do, then some member of the committee, when we come to section 3, page 4, should be courageous enough to offer an amendment whereby the Government of the United States guarantees both the principal and interest. If you are not willing to adopt that, let us not pass legislation which will lead the people of the country to false hopes.

The gentleman from Missouri criticizes the bill because it talks about giving credit but does not do it.

There are \$9,000,000,000 mortgage indebtedness, and this bill leads the people to believe that the Government is going to take care of them. Let Congress be courageous enough to provide the money to do it.

So far as the bill is concerned, it only provides, with certainty, \$200,000,000. It looks to me like it is on a parity with a salesman going out and selling stocks and guaranteeing to keep up the interest but does it by selling more stock.

Any plan where all that is guaranteed is payment of the interest and not repayment of the principal has something basically wrong about it, and that wrong consists in the fact that it is questionable whether it is a good security. If the proposed board sells this \$2,000,000,000 worth of bonds, they will be sold only because innocent American people buy them believing that the Government is standing back of them, interest and principal. I say now to the people of the United States that if any living soul buys one of these bonds he must buy it knowing that the Government of the United States is not back of it, and that the Government guarantees nothing but the interest. I hope the people will realize that. Merely printing it on the bond is not going to be enough to save the people from being deceived.

Mr. GREEN. Mr. Chairman, I move to strike out the last four words in order to ask the gentleman from Wisconsin [Mr. REILLY] a question. Under the old Home Loan Act,

States with local statutes prohibiting reassignments could not participate. As I understand it, this bill does not embrace that feature.

Mr. REILLY. This bill is entirely along different lines than the home-loan bank bill at present, and State statutes cannot interfere with its working.

Mr. GREEN. Does it carry that provision in the old bill that we passed last year?

Mr. REILLY. This is an amendment taking out of the present home loan bill the provision as to direct loans to individuals.

Mr. McCLINTIC. Mr. Chairman, will the gentleman yield to me to ask a question of the gentleman from Wisconsin?

Mr. GREEN. Yes.

Mr. McCLINTIC. I want to know if there is any alternative in the bill which will allow an individual to obtain a loan, when there is not an association located in his immediate community.

Mr. REILLY. The bill provides the same as the Farm Loan Act, where the mortgagor can negotiate with the mortgagee, and if he can provide for an exchange of Government bonds for his mortgage, and get it all below 80 percent, he can go and get the mortgage direct from the Government and amortize it.

Mr. GREEN. And these loans will be based upon the appraised present value of the land?

Mr. REILLY. The appraised value at the present time.

Mr. GREEN. And this appraisal will be made through home-loan organization?

Mr. REILLY. Through the corporation set up by the home-loan organization?

The Clerk read as follows:

DEFINITIONS

Sec. 2. As used in this act—

(a) The term "Board" means the Federal Home Loan Bank Board created under the Federal Home Loan Bank Act.

(b) The term "corporation" means the Home Owners' Loan Corporation created under section 4 of this act.

(c) The term "home mortgage" means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than 3 families, used by the owner as a home or held by him as his homestead, and having a value not exceeding \$15,000; and the term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(d) The term "association" means a Federal savings-and-loan association chartered by the Board as provided in section 5 of this act.

Mr. BACON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BACON: Page 2, line 8, after the word "exceeding", strike out "\$15,000" and insert in lieu thereof "\$20,000."

Mr. BACON. Mr. Chairman, I am offering this amendment because in the larger cities of the country, particularly in the suburban sections, where real-estate values are higher than they are in the rest of the country, a limitation of \$15,000 will not bring the relief this bill is intended to bring. Gentlemen should not forget that there is a limitation later on in the bill that no loan shall exceed \$10,000. It seems to me entirely safe, therefore, to increase this limit from \$15,000 to \$20,000. After all, if we continue the limitation at \$10,000 contained hereafter in the bill, it seems to me that the security that the home owners' loan corporation can receive is better if the value of the home is \$20,000 rather than \$15,000. Unless this amendment be adopted, many of the small home owners in the suburban sections of the large cities of the country will not have the relief that the bill purports to give them and will lose their homes entirely.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. FITZPATRICK. Is it not a fact that in the gentleman's district, the same as in mine, the average home costs

from \$15,000 to \$25,000, and this bill will relieve only a very small percentage of the home owners?

Mr. BACON. The gentleman is correct. I have also in mind the matter of the 2- and 3-family homes, which the bill will not reach unless the limit is raised from \$15,000 to \$20,000.

Mr. FITZPATRICK. It is a fact that the 2-family houses run from \$18,000 to \$30,000. I probably represent more individual home owners than any other Member in the House.

Mr. BACON. The gentleman is quite correct, and I hope that the committee will accept this amendment. The people who have been hardest hit are the skilled mechanic and the small-salaried man, who has been trying to buy a home for his family, and now finds himself without a job.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. KENNEY. Why is it necessary to place any limit at all upon the value of a man's home where the loan is limited to \$10,000?

Mr. BACON. I think the gentleman is correct. If we limit the amount of the loan to \$10,000, I do not see any reason why we should limit the appraised value of the house, because the greater the appraised value, the more security there is behind the \$10,000 loan.

Mr. KENNEY. There was no limit fixed on the value of farms, was there?

Mr. BACON. Yes; I think there was a limit of \$50,000.

Mr. GILCHRIST. Will the gentleman yield?

Mr. BACON. I yield.

Mr. GILCHRIST. There was a limit of much less than that, so that in the great State of Iowa you could not put a loan upon an acre of ground exceeding \$45 an acre. It was limited to 50 percent of the value of the land and 20 percent only of the value of the buildings. I am not opposing the gentleman's suggestion, but I am simply stating the facts.

Mr. BACON. I voted for the farm mortgage relief bill and I am glad the gentleman is supporting my amendment. I want to reiterate that there has been a limit of \$10,000 placed on the amount of the loan later on in the bill. Therefore the greater the value of the house, the more the security back of that loan of \$10,000. I am offering my amendment in the interest of people in dire need who are in danger of losing their homes.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. BACON. I yield.

Mr. ZIONCHECK. If no limitation is put on, cannot the city of New York absorb this \$2,000,000,000 of itself?

Mr. BACON. I do not get the significance of the gentleman's question.

Mr. ZIONCHECK. In other words, if there is no limitation put on the value of the house, the city of New York alone can absorb, in \$10,000 loans, the whole amount of this \$2,000,000,000?

Mr. DOWELL. And all the money will be paid to those who are not intended to receive it under this bill.

Mr. ZIONCHECK. That is right.

Mr. BACON. I disagree absolutely. This bill purports to help those in real need, who will lose their homes unless this limit is raised from \$15,000 to \$20,000. The gentleman must not forget that in the big cities there are many 2- and 3-family homes. In fact, they are more usual than otherwise, and if you are going to protect those home owners, you must raise the limit from \$15,000 to \$20,000. And do not forget the skilled workman and small-salaried man, who has lost his job, who may now be working at a greatly reduced wage—

Mr. STUDLEY. Will the gentleman yield?

Mr. BACON. I yield to my colleague.

Mr. STUDLEY. Is it not true that this condition arises largely because of the value of land in the metropolitan area of New York, and not because of the particular value of the houses built upon that land?

Mr. BACON. That is exactly what I tried to bring out, that the value of the land is greater in the metropolitan

areas than it is in the smaller towns. Therefore, while the house may cost exactly the same, the appraised valuation will be greater in city and suburban sections where the value of the real estate is greater. Unless my amendment is adopted, many distressed, harassed, and deserving people will lose their homes. This bill does not go far enough.

The CHAIRMAN (Mr. LANHAM). The time of the gentleman from New York [Mr. BACON] has expired.

Mr. WEIDEMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York [Mr. BACON].

Mr. Chairman, I do not believe the valuation of a house eligible to benefit under this law should be raised from \$15,000 to \$20,000. The gentleman from New York speaks about high land values in his city. I happen to represent a district that has as much poverty as any in the country and I also represent the richest village in the State of Michigan. I represent the Grosse Pointe area, whose land values are also high, and those people will get along better than the workingman owning a small home. If we change the limit of the valuation of the eligible home from \$15,000 to \$20,000, what will happen? The people who own the high-priced and expensive homes in my district through acquaintanceships and friendships will come in and be able to borrow this money. That will happen in my district and in every other district. I want to put a limitation on this thing so that the little man will get what he is entitled to. That is what this bill is intended for.

Mr. BACON. Will the gentleman yield?

Mr. WEIDEMAN. Yes; I yield.

Mr. BACON. I am not in disagreement with the gentleman on that proposition, but there is a limitation on the amount of the loan, no matter what the value of the house.

Mr. WEIDEMAN. That is right. If they allow \$10,000 loans to every applicant who comes in, the fund will soon be exhausted. The gentleman knows, as well as I, as a practical matter, that if the gentleman from New York knows the administrator of his district, he will help his friends get these \$10,000 loans and diminish the area over which this money should be distributed, and I contend it is the purpose of this law to allow as many \$500, \$1,000, and \$2,000 loans as possible. If you want to destroy the purpose of this bill, then change this limit. I am not in favor of raising this limitation one cent. I have just as fine homes in my district as any district in America, not excluding the district of the gentleman from New York, and the people who have \$20,000 and \$30,000 homes can better take care of them than the little man who owns a thousand-dollar home.

Mr. LANZETTA. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. LANZETTA. Does the gentleman know that the average lot in New York City is worth between \$6,000 and \$10,000, and he will find owners of that property who are working people?

Mr. WEIDEMAN. Yes; but there are other districts in this country outside of New York City. I can buy the finest residence in Grosse Pointe today for \$10,000. It is a residence fit for a king. We must take into consideration all the little homes worth five and six hundred dollars or a thousand dollars. Those are the people who need relief.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. WEIDEMAN. Yes; I yield.

Mr. FITZPATRICK. We are not legislating for any one section of the country, but it is for the country as a whole.

Mr. WEIDEMAN. That is right; and we are not legislating for New York City alone.

Mr. FITZPATRICK. That is right; and we, of course, are legislating for the whole country. In my district there are thousands of 2-family homes occupied and owned by mechanics and laborers who have mortgages on their homes, and they would not be able to get any relief. I think the laborer and the mechanic in New York City, owning a home worth \$20,000, is entitled to relief just as much as those living in any other section of the country.

Mr. WEIDEMAN. I agree with the gentleman, but if a laborer and a mechanic can afford to pay \$20,000 for a home,

he removes himself from the classification of laborer and mechanic.

Mr. FITZPATRICK. The gentleman does not understand the standard of living in this country.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WEIDEMAN] has expired.

Mr. DE PRIEST. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from New York.

The Clerk read as follows:

Substitute offered by Mr. DE PRIEST for the amendment offered by Mr. BACON: Page 2, line 6, strike out beginning with the word "for" down through line 7 and insert in lieu thereof "in which the owner occupies a unit as a home"; page 2, line 8, strike out "\$15,000" and insert in lieu thereof "\$40,000"; so that the paragraph will read as follows:

"(c) The term 'home mortgage' means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling in which the owner occupies a unit as a home or held by him as his homestead, and having a value not exceeding \$40,000; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby."

The CHAIRMAN (Mr. LANHAM). In the opinion of the Chair, the amendment offered is not in the nature of a substitute. It is not germane to the pending amendment offered by the gentleman from New York, which deals solely with the matter of amount. In the opinion of the Chair, the amendment of the gentleman from Illinois would have to be considered as a separate amendment rather than as a substitute for the amendment offered by the gentleman from New York.

Mr. DE PRIEST. That being the case, Mr. Chairman, I move to amend the amendment of the gentleman from New York by striking out the figure "\$15,000" and inserting in lieu thereof "\$40,000."

The Clerk read as follows:

Amendment offered by Mr. DE PRIEST to the amendment offered by Mr. BACON: On page 2, line 8, strike out "\$15,000" and insert in lieu thereof "\$40,000."

Mr. DE PRIEST. Mr. Chairman, I know certain Members think this is an absurd amount; and, on the face of it, it is absurd—but unless the amount is raised a class of people intended to be helped will not be reached.

Later on I shall offer a perfecting amendment which will make clear the substitution of \$40,000 for \$15,000.

Let me explain my purpose: Under the terms of the present bill a man owning a 3-flat building valued at \$15,000 can get but \$10,000 as a loan. To help the people we really want to reach out and help, the people in the cities whom this bill will not cover at all, I propose to offer later on, if this amendment is adopted, a further amendment limiting the loan percentage according to a sliding scale. For instance, the bill now provides not to exceed 80 percent on a \$15,000 home. I want this to stand as it is, and insert thereafter language to this effect: Not to exceed 60 percent on a valuation between \$15,000 and \$25,000; not to exceed 50 percent on a valuation between \$25,000 and \$40,000. Such an amendment will increase the security holdings, make the paper better, and will not take a great deal more money.

It will do what? I received a letter this morning from one of my constituents telling me he had a \$8,500 loan due on some property, which he was about to lose through foreclosure proceedings. This property consists of a 6-apartment building. Under the terms of this bill he could not make a loan of \$8,500, even though the security he has to offer is a 6-apartment building.

Through this effort we are trying to reach out and help the middle class, the so-called "white-collar people", who need help, and need it badly. They used to have a dollar, but practically all of them are broke under existing conditions. We want to so frame this bill that it will reach the great number of people who need help, and this is why I wish the limitation raised to \$40,000.

I have made this explanation so you would understand my reason for making the amount \$40,000. As I said, under an

amendment I propose to offer, these loans would be made on a sliding-scale basis, 80 percent on a \$15,000 valuation; 60 percent on a valuation between \$15,000 and \$25,000; and not to exceed 50 percent on a valuation between \$25,000 and \$40,000.

Mr. BRUNNER. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from New York [Mr. BACON].

The CHAIRMAN. A substitute for the amendment offered by the gentleman from New York [Mr. BACON] is now pending.

Mr. BRUNNER. Then, Mr. Chairman, I shall offer my amendment later.

The CHAIRMAN. The question is on the substitute amendment of the gentleman from Illinois [Mr. DE PRIEST]. The substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment of the gentleman from New York [Mr. BACON].

Mr. PIERCE. Mr. Chairman, may the amendment again be read for the information of the House?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk again read the Bacon amendment.

The question was taken; and on a division (demanded by Mr. STEAGALL) there were—ayes 59, noes 73.

Mr. LANZETTA. Mr. Chairman, I ask for tellers.

The CHAIRMAN. The gentleman from New York asks for tellers. Those in favor of taking this vote by tellers will rise and stand until counted. (After counting.) Twelve Members have risen, not a sufficient number, and tellers are refused.

Mr. BOYLAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. More than 12 Members rose. I counted 20.

Mr. GOSS. Mr. Chairman, I make the point of order that a Member cannot appeal from the decision of the Chair on a demand for tellers.

The CHAIRMAN. The point of order is sustained.

Mr. BRUNNER. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BRUNNER: Page 2, line 8, after the word "homestead", strike out "and having a value not exceeding \$15,000."

Mr. BRUNNER. Mr. Chairman, the reason for this amendment is that further on in the bill there is a provision stating that the loan cannot exceed a certain amount, and I do not see why a man who owns a home worth \$25,000 or \$30,000 should not be permitted to receive a loan on that home up to the amount that is put in the bill here, which is \$10,000. I do not think that is enough and I expect to offer an amendment later making it \$16,000. However, I do not see why the person who owns a home worth \$35,000 or \$40,000 should be excluded from the provisions of this bill, because, after all, in my district and in many other districts, some of those who are hardest hit by this depression are business men who own homes valued over \$25,000 and now have absolutely no income. In most instances they have a 70-percent equity in these homes.

I am going to vote for this bill, no matter in what form it is finally presented to the House, because I think it is going to offer a small measure of relief to some. I wish it were possible for all you Members to come to my district and see the suffering that is there. I represent a district of almost 1,000,000 people, and in this district we have over 250,000 home owners. Fifteen thousand of them have already lost their homes since 1929 because they could not keep up their payments. Sixty-five percent of the owners of homes in my district are now in distress, and this does not tell half the story.

Mr. WEIDEMAN. And the small-home owners are the ones that lost their homes.

Mr. BRUNNER. Yes; and a good many of the owners of large homes lost them, too. I can refer my colleague to a man who was in business making \$25,000 or \$30,000 a year

who is not making \$1,000 a year today. I think he is hit just as hard as the poorer fellow who owns a \$10,000 home.

What I have said does not tell half the story. The savings banks, title companies, and lending institutions have been exceedingly lenient in extending time, and right now I want to congratulate them upon their public spirit.

Personally, I think most of the owners who expect to obtain relief from this bill will be very much surprised. First, because the present holders of the mortgages must be willing to accept 4-percent bonds, to run for 15 years; second, because the principal is not guaranteed and the holder of the bonds will find it difficult to turn his bonds into cash; and, third, because the appraisals will be made as of present-day values, when everybody knows it is impossible to make such appraisal fairly. The only homes that have been disposed of in the last 4 years are those for which the owner was compelled to accept anything he could get above the mortgage and in most instances he was glad to accept a few dollars above the mortgage because he knew he could not carry on any longer, and even a hundred dollars or so would keep the wolf from the door a short time.

I hope the committee will agree to my amendment.

Mr. STEAGALL. Mr. Chairman, I assume it will be sufficient to say that the amendment would remove all limitation as to valuations of homes that would be eligible for loans. Surely, the House would not destroy every purpose of the bill by the adoption of this amendment. This is all I care to say.

Mr. BRUNNER. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BRUNNER. Farther on in the bill, is there not a restriction on the amount one may borrow?

Mr. STEAGALL. Yes.

Mr. BRUNNER. Under the bill at the present time, if a man's home is worth \$15,100 he cannot be considered under the terms of this bill.

Mr. STEAGALL. That is quite true; but the purpose of this bill is to afford a measure of relief, not complete relief, but a measure of relief to distressed home owners. Nobody contends that we should go to the extent of opening up the Treasury or its credit for adequate relief for all home owners in the United States. We only hope to relieve some of them, and we wish to see that the aid goes to those worst in need. The task of relieving all would be too stupendous at this time. We are attempting to do for urban home owners what we formerly started out to do for the farmers, and that is to give an opportunity to the man of small means with a family to save his home. This is as much as we think can be accomplished at this time, and, fundamentally, I do not see how any man can justify the contention that we should open up the Treasury and grant tax-free securities to obtain loans for men of wealth living in costly and elaborate homes. That is foreign to every purpose of this bill. Under such a plan the funds available would soon be exhausted, and a large portion—in fact, the larger portion—of the funds would go to make loans on property worth \$20,000, \$25,000, \$50,000, and more.

Can there be any justification for issuing tax-free bonds to obtain funds to make a loan to a citizen who has a \$50,000 home or a \$100,000 home? I call attention to the fact that under present valuations an appraisal of \$15,000 based upon present market value in the average community of the United States does not represent more than one third of the value of that home in normal times.

Mr. BRUNNER. Does the chairman mean to convey to the members of the committee here that the Home Loan Bank Board will lend money to these rich people he talks about? This is an emergency measure that is to help the people who are in distress, is it not?

Mr. STEAGALL. I assume the Board will follow the purposes of Congress as disclosed by its enactment and the purposes as they are made clear in these debates. If this amendment is adopted, there is no limit as to valuations. The funds would be consumed without any possibility of accomplishing the purposes that we have in mind.

That is what happened to the Federal land bank system. We started out by limiting loans to \$10,000. The clamor came and we raised the limit to \$25,000. The Federal land banks soon found themselves in serious difficulties.

The joint-stock land banks were loaning under \$50,000 limit. We know what has happened to them. I hesitate to state what has occurred in the case of the Federal land banks. The story is one of disappointment to all of us who had any part or pride in the establishment of the system and who were interested in its success.

Mr. GOSS. Mr. Chairman, I move to strike out the last two words in order to ask the gentleman a question. Why did you put the limit of \$50,000 in the Farm Mortgage Act and only \$15,000 in the home loan bill?

Mr. STEAGALL. I will say this: If the gentleman were familiar with the record of the chairman of this committee in connection with the Federal Farm Loan Act and amendments to that act, he would not have propounded that question. I stood on the floor of this House and opposed the amendment which raised the limit of loans in the Federal land banks from \$10,000 to \$25,000, and I think everybody agreed later that it was a mistake.

Mr. GOSS. In the agricultural mortgage bill, passed last week, the limit was \$50,000.

Mr. STEAGALL. I am not responsible for that. It was done by other gentlemen who are responsible for that legislation. I had nothing to do with it.

Mr. BOILEAU. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BOILEAU. May I suggest that the mortgagors can borrow 80 percent, where in the farm loan bill the farmers can borrow only 20 percent. A home owner has a greater advantage over the farmer, because at the present valuation farmers will not be able to get any loan whatever.

Mr. BEEDY. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BEEDY. I want to call the attention of the House to the fact that 80 percent of the valuation on property today means about 48 percent on its value at the time the mortgage was given. Property now is 60 percent—to be very generous in the estimate—of its value at the time the mortgages were given. You are offering a relief to the home owner of 48 percent on the value of the property when the mortgage was made. National banks can lend up to 50 percent of the value.

Mr. GOSS. The gentleman from Maine does not think there is a fair ratio between the two bills?

Mr. BEEDY. I do not. I think it was a mistake to raise the limit to \$50,000. It was intended to help the poor man.

Mr. FITZPATRICK. What was the interest on the loan to farmers?

Mr. GOSS. I do not know, but in this act it is 5 percent.

Mr. GILCHRIST. Mr. Chairman, I come from a wholly farming community. I very much deprecate the talk that is going on here which compares the benefits of this home loan bill with the farm loan bill. Gentlemen from the city seem to say that this bill provides relief in a very much less degree than the farm bill did. I think they are in error. The facts are that the farm bill will not admit of a loan of probably more than 40 percent of the value of the property. That was pointed out at the time in a speech made by the gentleman from Wisconsin and in a few remarks by me. This bill provides for loans up to 80 percent of the value of the home.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Not now. Furthermore, gentlemen have suggested that the rates are better in the farm bill than they are here. Again gentlemen are in error. The farm loan bill provided that the farmer could get a 4½-percent rate, but he was compelled to go into an association to get that rate, and it will be remembered that he was loaned only \$95, for which he paid 4½ percent. So when you come to compare the rates of interest you are again wrong.

There was one provision of the farm loan bill which provided that where these associations did not exist, then the

farmer would have to pay 5 percent—exactly the same as in this bill. Let us try not to find fault with the farm loan bill. I want to go along with the Members who live in the cities. I am under obligation to them for votes which they have given to farm legislation—gentlemen from Chicago and New York and from other cities all over the country. In the remarks I have heretofore made I have thanked these gentlemen for their votes in support of the farming interests. I thank them again today. I want to go ahead with the gentlemen from the cities who think that this bill now ought to be made so that it is workable for them, and I shall support this amendment, because I think we ought to be fair to all classes. When we represent the interests of the whole country, then we are, indeed, representing the interests of our own districts, and that ought to be what actuates us here in voting.

Let us not have any more talk about how the farmers have been favored. It is not so. They were not especially favored by the farm loan bill. If there is any discrimination, it is in favor of the home owner under this bill. I thank the Lord that destitute and despoiled home owners are to get relief. I know people who live in the towns and the cities who cannot now pay their mortgages or the interest upon them, but who will be relieved under this bill. If there is any man in a city who has a home, let that home be saved for him. I want to vote for him.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. BOILEAU. A statement was made on the floor that loans to farmers could be made as high as \$50,000. Is it not a fact that the farm mortgage bill provided loans should not exceed \$25,000, and then only in exceptional cases with the endorsement of the Secretary of Agriculture?

Mr. GILCHRIST. The gentleman is entirely right. Why have this talk about a comparison between one bill and the other? Representing a farm district, I want to go along with this amendment, although I know that the farm loan bill was not as favorable to our farmers as this bill is to your home owners.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. LANZETTA. Does not the gentleman agree that the farm bill took care of the majority of the farmers?

Mr. GILCHRIST. I certainly do not agree with that. I showed at the time that it cared for a small percentage only of the farmers out in my State; it provided for scarcely any of them. I do not think it took care of 15 percent of the farmers in my district. That is why I wanted to amend that bill. It should have been amended.

Mr. LANZETTA. I was led to believe that it took care of 75 percent.

Mr. GILCHRIST. Then the gentleman did not hear my speech. Nobody then or since then has answered, or even tried to answer, the facts and figures that I then gave to the House, nor the inferences that I then drew from these facts. These inferences were that the farm loan bill would not afford help to the average farmer who stood in average relationship to the farm mortgage situation in my State. I then begged for the right to amend that bill so that it would do us the good it ought to do. But this right was refused. I insisted on this then, and I insist on it now, because I want to lay the foundations for real, honest-to-goodness farm-mortgage relief.

But that is no reason why we should refuse to help the home owner in the city or the town or the village. Let us not wrangle and dispute peevishly about it, but let us go ahead with a wholesome intention to help all who are in distress and who want to save their homes.

Mr. DE PRIEST. Mr. Chairman, I call attention of the Members to the fact that under the provisions of this bill there can be no new mortgages made. According to the report gotten out by the committee, that is so. The report reads as follows:

This bill does not provide cash to take up mortgages or make new loans.

The bill provides that the bonds shall be exchanged for the mortgages, but it does not provide any cash to take up the mortgages under that interpretation. The chairman remarked awhile ago that if the limit is raised upon the value of the property, pretty soon the rich would be getting the money. The bill provides only for mortgages now in existence, and those mortgages are a matter of record and there is no way of changing them now so that anyone can get any benefit from it. This limitation ought to be raised. It makes no difference what the property is worth so long as the limit of the loan is kept to \$10,000. It seems to me that at this time we could with justice to ourselves and in justice to the people we want to help raise the amount of the valuation so long as we hold the loan to \$10,000.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. DE PRIEST. Yes.

Mr. DONDERO. As long as the amount of the loan is fixed in the bill at \$10,000, does it make any difference what the value of the property is above that?

Mr. DE PRIEST. Not a bit.

Mr. DONDERO. It seems to me it makes the security that much better for the new mortgage.

Mr. DE PRIEST. It is not a new mortgage. You can only benefit property that already has a mortgage upon it.

Mr. GLOVER. Mr. Chairman, I hope this amendment will not be adopted. This bill, if it serves its purpose, will have to be properly administered, and it ought to be safeguarded here so that we can have the spread of it to help the poor class of borrowers, as indicated by the chairman a few moments ago. If you strike out this restriction upon the value of the land, it would affect the financing of these bonds. You have to sell the bonds or exchange them for the mortgage. When you strike out the restriction, you destroy the market for any bond that can be issued here, and that would destroy the purpose of the bill.

Mr. DONDERO. Are these bonds to be sold for the purpose of yielding cash, or are they to be given to the mortgagee in exchange for his mortgage?

Mr. GLOVER. It will have to be exchanged for the mortgage. Anyone who knows anything about this bill knows they will not sell enough of those bonds to have money to loan. They must be exchanged for the mortgage.

Mr. DONDERO. That is just the point.

Mr. GLOVER. If you enlarge the bill to that extent, it will destroy the market for the bonds, so that you cannot sell them for 50 cents on the dollar.

Mr. BRUNNER. Does the gentleman know there is a provision in this bill which prevents the rediscounting of the bonds?

Mr. GLOVER. Oh, if you have that in this bill, you cannot sell them at all.

Mr. BRUNNER. That is what you have got here.

Mr. GLOVER. Whenever you enlarge the purposes of this bill to that extent you will destroy the purpose of the bill and it will accomplish nothing.

Mr. McLEAN. Mr. Chairman, I move to strike out the last three words.

I wish the House would approach this proposition more from the standpoint of what I believe to be the real forgotten man. I sympathize very much with the gentleman from New York [Mr. Bacon] and the other gentlemen from suburban districts. I represent a district very much the same. We have in that district men and women who were justified, in prosperous times, in owning homes up to the value of \$20,000 or \$25,000. There are men and women who are suffering more than any of the individuals who have been described on the floor of the House today. There are men and women who will not go to the local relief association for aid for the reason that in former times their names were found on the list of those who contributed to relief funds.

I have in my hand a letter from the president of a building and loan association in my city, whose average loans will not exceed \$15,000, which is an index to the fact that the raising of this limit to \$20,000 or more is necessary if this proposi-

tion is going to reach the limit of people who should be reached in this relief.

I ask unanimous consent, Mr. Chairman, to print in the RECORD at this point, as a part of my remarks, a letter from Mr. George H. Parsons, president of the Jefferson Park Building & Loan Association, of the city of Elizabeth, N.J., which is a strong argument for raising this limit to at least \$20,000.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The letter referred to is as follows:

ELIZABETH, N.J., April 15, 1933.

HON. DONALD MCLEAN,
Washington, D.C.

DEAR SIR: I see from the newspapers that the new home bill which President Roosevelt is advocating is to apply to homes of \$10,000 or less. I think to limit the cost of a home is unfair, as many of our citizens built homes around \$20,000 in 1928 and 1929 on parcels of land worth \$5,000 to \$10,000, securing part of the money from building and loan associations, say, for example, \$14,000, which has been reduced by three yearly payments. Some of these citizens are now out of employment, or their income has been reduced, and they are in danger of losing everything.

I am writing this from knowledge gained as president of the Jefferson Park Building & Loan Association of Elizabeth, N.J., and, therefore, protest as an officer of that association against any limit in the cost of a home. The whole thing should be based on a "home"—not a speculation. If a limit is set, I cannot see the fairness or justice in permitting a person owning a \$10,000 home to borrow and prohibiting from borrowing a person who owns a \$10,100 home.

Trusting you will use your influence to counteract this legislation, I am

Yours very truly,

GEO. H. PARSONS,
96 Wilder Street, Hillside, N.J.

Mr. STEAGALL. Will the gentleman yield?

Mr. MCLEAN. I yield.

Mr. STEAGALL. I call the gentleman's attention to the fact that the amendment before us is not to raise the limit of valuation to \$20,000 but to remove all limitations.

Mr. MCLEAN. Exactly, and I think that is a very wise provision, because then the result will be predicated upon the character of the individual who is being helped, and upon the percentage of value of his property, which is the proper way of making a mortgage loan, and will enable the Government of the United States to give relief where it is needed and deserved.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, I am very much interested in the successful passage of this bill, and I am very much interested in the bill obtaining the maximum of benefit intended by Congress in the passage of this bill.

I am interested in this emergency, in trying to assist the average small-home owner. I realize the weight of the arguments advanced by those who have spoken in support of the amendment, and I should like, if possible, to see every class of home owners benefited; but we are confronted with a practical problem, and we are desirous of trying to obtain an objective which will produce maximum results. We are extending the powers of government, under its optional functions, when we pass this bill, reluctantly, but because we feel that necessity prompts and requires it and because private agencies which have handled this problem in the past have fallen down and are at present unable to cope with the emergency and necessity that exist.

This amendment would be very fatal, in my opinion, to the practical objective that we are trying to attain. We propose to try and benefit the average small-home owner, and the average small-home owner is best reflected by those who own 1-, 2-, or 3-family dwelling houses, dwelling houses that the average person who is a home owner is capable of purchasing and owning.

Mr. DINGELL. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DINGELL. What is the reason we cannot include a 4-family house in this bill. Is there any objection to that?

Mr. McCORMACK. That was considered last year when the present home loan law was under consideration. In fact, the committee reported out a bill covering 2-family

dwellings, and I introduced an amendment increasing it to 3-family dwellings. At that time the 4-family dwelling amendment was offered by our former distinguished colleague from Wisconsin, Mr. Stafford. We wanted to limit the bill to dwellings. That was then the spirit and intent of the Membership. The 4-family dwelling house brings it more or less in the apartment-house status. I recognize that such owners are very deserving people, but there had to be some limitation; and, therefore, we felt that the 3-family dwelling house was a proper and reasonable limitation.

When the bill went over to the Senate, they put back the 2-family-dwelling provision, and we had to have the provision for the 3-family dwelling inserted when the bill went to conference. I had no objection to the 4-family dwelling then, but there must be a limitation somewhere. The 4-family house enters in the realm of an apartment house or building. For that reason, to keep the bill strictly within the dwelling-house feature, we limited it to 3-family dwellings.

This is the only answer I can give to my friend.

Mr. FITZPATRICK. Can a 3-family house be purchased for \$15,000?

Mr. McCORMACK. I should prefer to have the amount \$20,000. The \$20,000 clause is in the home-loan bank bill of last year. Personally, I should much prefer to have the limitation \$20,000. But as between no limitation, as proposed in the pending amendment, and a \$15,000 limitation, while recognizing the logic of the argument advanced in support of no limitation, for practical reasons I would vote to retain the \$15,000 limitation. That will accomplish the greatest amount of good, and that is what we want to do. We cannot reach everybody. All we can do is to approximate a maximum, and this bill will accomplish this purpose.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. CELLER. I find a very significant provision on page 11 of this bill, that the Federal Reserve Savings & Loan Association may loan on property having a value not exceeding \$20,000. Why make it \$15,000 in one place and \$20,000 in another?

Mr. McCORMACK. As I just explained, personally I would rather have a limitation of \$20,000.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move that debate on this section and all amendments thereto do now close.

Mr. BACON. Mr. Chairman, some time ago I sent an amendment to the desk. I wish 5 minutes in which to discuss it.

Mr. DIMOND. Mr. Chairman, I, too, have an amendment on which I wish to be heard.

The CHAIRMAN. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York, which the Clerk will again report for the information of the committee.

The Clerk again read the Brunner amendment.

The amendment was rejected.

Mr. BACON. Mr. Chairman, I offer an amendment which I sent to the desk some little time ago.

The Clerk read as follows:

Amendment offered by Mr. BACON: Page 2, line 3, after the word "first", insert the words "and second."

Mr. BACON. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BURKE of California. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 2, line 12, after the period insert a new sentence, as follows: "One- or two-family

dwellings with a store shall qualify as a dwelling subject to a home mortgage under this act, where the owner resides in said property."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. DOCKWEILER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOCKWEILER: On page 2, line 6, after the word "than", strike out the word "three" and insert in lieu thereof the word "four."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. LANZETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendments offered by Mr. LANZETTA: Page 2, line 6, after the word "dwelling", strike out the words "for not more than three families" and insert the following: ", apartment or tenement building."

Page 2, line 7, after the word "home", insert the following: "and by some of the tenants as and for living quarters."

Mr. GOSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. Mr. Chairman, I shall ask a division of the amendment; and, pending that, I make a point of order against the first part of the amendment on the ground that it has already been acted on by the committee.

Mr. Chairman, I withdraw the point of order in order to get a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. KENNEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KENNEY: Page 2, line 8, strike out the words "and having a value not exceeding \$15,000", and insert in lieu thereof the words "having an assessed value not exceeding \$15,000."

Mr. KENNEY. Mr. Chairman, I ask unanimous consent to address the House for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. BACON. Mr. Chairman, I object; and I do so reluctantly, but the gentleman objected to my request awhile ago.

Mr. KENNEY. No; I did not object to the gentleman's request. The gentleman is mistaken.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The amendment was rejected.

Mr. DIMOND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: Page 2, line 15, after subsection (d) of section 2, insert a new subsection to read as follows: "(e) The provisions of this act shall apply to the several States of the United States, to the District of Columbia, the Territories of Alaska and Puerto Rico, and the Virgin Islands of the United States."

Mr. DIMOND. Mr. Chairman, this raises an entirely new question.

Mr. GOSS. Mr. Chairman, I make the point of order that debate on this section and all amendments thereto has been exhausted.

The CHAIRMAN. The Chair sustains the point of order. The gentleman cannot be recognized for the purpose of discussing the amendment.

Mr. DIMOND. Mr. Chairman, I ask unanimous consent to discuss this amendment for 2 minutes.

The CHAIRMAN. Is there objection to the request of the Delegate from Alaska?

Mr. BACON. Mr. Chairman, I made the same request. Objection was made to my request. I object.

The CHAIRMAN. The question is on the amendment offered by the Delegate from Alaska.

The question was taken; and on a division (demanded by Mr. DIMOND) there were—ayes 37, noes 97.

So the amendment was rejected.

The Clerk read as follows:

LOAN BANK ACT

SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

Mr. BACON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, a little while ago I offered an amendment to define the expression "home mortgage" to include both first and second mortgages. Under the bill as written homes with second mortgages are apparently placed at a great disadvantage.

I did this for the reason that most of the very small homes in this country have been financed by means of a first and second mortgage.

There is nothing in this bill that gives any relief to the owner of a very small home who may have a second mortgage on his property. If we had adopted the amendment which I offered and which I was prevented from debating, we could have defined the phrase "home mortgage" to include both first and second mortgages. The gentleman from Alabama, the chairman in charge of this bill, saw fit to shut off debate and apply a gag to free expression.

Remember that in a later provision of the bill 80 percent of the value can be lent, and this would have permitted the joining of the first and second mortgages up to 80 percent of present value, and not to exceed \$10,000. Unless some provision for taking care of second mortgages is added to this bill many small-home owners will not benefit at all by the passage of this bill, and they will lose their homes.

The amendment which I offered was in the interest of the owner of the very small home, the man who has a small salary or the skilled laborer, and who is buying a house on the installment plan. By choking off debate the Committee has not had a fair opportunity to consider this question or to properly understand my amendment. I maintain, and I think most members of the Committee will agree with me, that the very small-salaried man or laborer who is buying a home on the installment plan has got to have a second mortgage if he is to own a home. This bill does not permit him to get any relief if besides a small first mortgage he has a second mortgage on his small home. The second-mortgage problem is not adequately taken care of in this bill.

Mr. JENKINS. Will the gentleman yield?

Mr. BACON. I yield.

Mr. JENKINS. Someone asked that question of the gentleman from Massachusetts [Mr. LUCE] a little while ago and I do not remember the answer he gave, but is it not possible for the man to have a second mortgage and then refinance his first mortgage and in that way get the benefit of this bill?

Mr. BACON. I asked that question of the gentleman from Massachusetts. In my belief the answer is "no", if the owner of the second mortgage refuses to postpone it or insists on foreclosure. Most of the situations that I have come in personal contact with are cases where the owner of the second mortgage is the one who is forcing foreclosure.

Mr. CELLER. Will the gentleman yield?

Mr. BACON. Yes.

Mr. CELLER. I believe the gentleman will find the remedy on page 5, line 17, where there is provision made to take care of home mortgages and other obligations and liens secured by real estate.

Mr. BACON. I agree that there is one vague reference on page 5 to what might be a second mortgage, where it discusses other obligations and liens, but it seems to me that if we clarify and make certain this terminology on page 2, to define a home mortgage as including both the first and the second mortgage, we will do a great deal to relieve the small-home owner by making definite provisions to bring second mortgages under this bill.

Mr. CELLER. I quite agree with the gentleman.

Mr. BACON. Furthermore, it is a wise definition. Everybody knows that a definition of a home mortgage must include the second mortgage as well as the first.

Mr. DONDERO. And so long as it does not exceed 80 percent, what damage can it do?

Mr. BACON. None whatever.

Mr. Chairman, I ask unanimous consent that we may return to that portion of the bill, section 2, so that the amendment may be considered.

Mr. GOLDSBOROUGH. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Maryland is recognized for 5 minutes.

Mr. GOLDSBOROUGH. I may say that I shall object to the request unless the gentleman lets me speak before the request is put.

The CHAIRMAN. I hope the gentleman will pardon the Chair for overlooking the fact that the time of the gentleman from New York [Mr. Bacon] had not expired at the time the gentleman was interrupted.

Mr. BACON. I will gladly let the gentleman from Maryland go ahead now. I think I have made my point clear, that unless you do something for the owner of the small home who may have a second mortgage on his home, you are not going to bring relief to the owners of the very smallest homes in the land, the very people we should all want to help.

Mr. CELLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. The gentleman from New York [Mr. Bacon] submitted a unanimous-consent request that was not acted upon.

The CHAIRMAN. The Chair withheld putting the request pending recognition of the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. BACON. Mr. Chairman, I withdraw my unanimous-consent request for the moment, so that the gentleman from Maryland may have 5 minutes in opposition to the pro forma amendment. I will renew the request later, as I believe if the Committee are permitted a vote, my amendment will be adopted and that we will bring some relief to the small-home owner who is burdened with a second mortgage.

Mr. GOLDSBOROUGH. Mr. Chairman, subsection (d), page 5, was written for the express purpose of taking care of liens of all kinds, whether it be second mortgages, judgments, mechanics' liens, liens for labor, or any other kind. The language is sufficiently broad to cover second mortgages. For that reason I shall be constrained to object to returning to the section referred to and voting again on the amendment of the gentleman from New York.

Mr. BACON. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. BACON. What objection is there to clarifying the language by specifying second mortgages? It is limited to 80 percent, and you have nine or ten thousand dollars limit in the bill. It is merely clarifying the situation by permitting first and second mortgagees to get together and relieve the home owner.

Mr. GOLDSBOROUGH. The term "home mortgage" runs all through the bill, and to write in the gentleman's amendment would destroy the sense of the act in a great many particulars. As I said, the language in section (d) was written to take care of the situation the gentleman refers to.

Mr. HEALEY. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. HEALEY. Is it not true that the second mortgagee could defeat the purpose of the whole bill by refusing to agree to a plan that the first mortgage be refinanced?

Mr. GOLDSBOROUGH. Yes; all those questions could arise.

Mr. GILCHRIST. Will the gentleman yield?

Mr. GOLDSBOROUGH. I will.

Mr. GILCHRIST. On page 2, line 3, you say the term "home mortgage" means first mortgage, and on page 5, line 16, the words "home mortgage" is again used. That could not mean anything less than a first mortgage, could it?

Mr. GOLDSBOROUGH. The language I have quoted, "home mortgages and other obligations and liens secured by real estate", will include second mortgages.

Mr. BACON. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield to the gentleman from New York.

Mr. BACON. What would happen? Suppose the owner of the second mortgage wanted to foreclose and insisted on foreclosure?

Mr. GOLDSBOROUGH. The only way he could foreclose would be subject to the first mortgage.

Mr. BACON. Of course, that is true, and at the same time if the holder of the first mortgage is willing to let his mortgage stand. But under the terms of the bill the holder of the second mortgage could not foreclose.

Mr. GOLDSBOROUGH. He could foreclose subject to the first mortgage.

Mr. STEAGALL. The language "home mortgage" is intended to define what is meant by the security which the Corporation possesses at the end of the transaction by which it takes up through the exchange of bonds all liens outstanding. That is the meaning of that language.

The CHAIRMAN. The gentleman from New York asks unanimous consent to return to section 3. Is there objection?

Mr. GOLDSBOROUGH. I object.

Mr. CELLER. Mr. Chairman, I move to strike out the last four words. I am going to offer an amendment to page 4, and in taking the floor I want to anticipate that the steam roller may deprive me of making a statement at that time. We are approaching the week-end, and it may be desirable to finish the bill today, and perhaps I will not be given time to discuss my amendment.

It has been stated by the gentleman from Kansas [Mr. McGugin], and properly so, that this bill is doomed to failure unless you can dispose of these bonds. No man is going to exchange his mortgage for these bonds unless these bonds are properly secured and can therefore be sold. All you do in this bill is to provide a Government guaranty of interest. You provide no Government guaranty of principal. The return is but 4 percent. I defy anyone to tell me where you are going to find a market for these bonds under present-day conditions. Let us follow out what will happen under this act. Suppose the man who has a mortgage which is held by the home owners' corporation or by this bank cannot pay his interest, cannot pay his amortization. He cannot go through the amortization arrangement. Will this corporation foreclose? What is the mortgagor going to do? He is going to his Congressman, and if his Congressman happens to be the chairman of this committee, he happily will go to him, and if the majority leader on this side and a minority leader on that side, he will go to them. He will go to a half dozen Congressmen, and he will tell them all of his troubles and what are the Congressmen going to do?

On behalf of his poor distressed constituents the Congressman is going down to the home-loan bank or to the home owners' corporation and endeavor to get extension after extension. He will endeavor to stop the foreclosure. If the foreclosure is in progress, is this corporation going to eject the owner from his property? I am sure that you are not going to get any ejections? Then what do you have? The prospective investors know what they will have. They will have just pieces of paper for security, empty rights, with no worthwhile privilege to foreclose due to political pressure. Under those circumstances you will never be able to dispose of \$2,200,000,000 worth of these bonds. When you figure that there is over \$9,000,000,000 of distressed property of home owners and apartments and you only have \$2,200,000,000 to spend here, if you can spend it, you will see that you will not get any worthwhile relief

whatever. You are giving the people of this country by this provision and the failure to provide for a guaranty of the principal nothing but a gold brick. With all due deference to the chairman of the committee and his colleagues, I say that they are living in a fool's paradise if they think that the people of New York and the people in all the money centers will come forward and buy these bonds.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. GOSS. Does not the gentleman realize that under the terms of these bonds they cannot be sold, but they can be deposited in the Treasury and we could print money against them?

Mr. CELLER. I do not see any prohibition against the sale. There is no such bar in the bill. But if they cannot be sold, that is all the worse. Then certainly the people will not invest in them, and I say that if you cannot sell them, as the gentleman from Connecticut [Mr. Goss] states, I believe erroneously, then indeed we are giving the people of this country a simon-pure gold brick.

Mr. BEEDY. Does not the gentleman realize that every dollar that the Reconstruction Finance Corporation has paid out has not been by virtue of any sale of any bonds? Does the gentleman not know that all of this money has to be borrowed by the Treasury?

Mr. CELLER. That is different.

Mr. BEEDY. We are going farther on the same road.

Mr. CELLER. There is quite a difference between the bonds of the Reconstruction Finance Corporation and the bonds to be issued by this home owners' loan corporation. You have not the credit of the United States behind the home owners' loan corporation bonds. You have simply these "distressed" mortgages behind these bonds.

Mr. BEEDY. And none of them can be sold.

Mr. CELLER. Absolutely. There will be no market. But they may be sold.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KVALE. Mr. Chairman, I rise in opposition to the pro forma amendment. I have secured this time in order to read a letter from a constituent who is the president of a land company. He makes an inquiry which I think is pertinent. He says:

In connection with the two bills that are going to be passed, providing for refinancing of farm loans and city loans, it occurs to me that one condition is apparently being overlooked, viz: a great many people during the depression, in order to save eventual foreclosure expenses for the mortgagee, and in the event of redemption for themselves, have given deeds to the mortgagee on being given a specified time, usually a year, in which they can still redeem on paying up arrears, or in some cases a smaller amount.

The rights of these people should in some manner be covered so as to give them the benefit of such legislation as it is proposed to enact.

Can the chairman state whether or not the definitions on page 2 of the bill, and elsewhere, are broad enough so that it will include that class?

Mr. STEAGALL. Unquestionably, it will.

Mr. KVALE. I am glad to have that assurance for the RECORD.

Mr. STEAGALL. If the gentleman will read subparagraph (g) on page 9 he will find the provision which specifically covers loans to redeem or recover homes lost by owners by foreclosures or forced sale, and so forth.

Mr. KVALE. I thank the Chairman. Now, there is one other question in my mind, but I shall not formally bring it up because I do not believe, within reason, it could be held to be pertinent or germane to this discussion.

There is one class of property owners in my State, and in all other States, who just now are between the devil and the deep blue sea. There is no group, no agency, no company, no source of credit to which they can go. I am speaking about the owners of the small independent stores, the little independent merchants who are now faced with the problem of how to refinance their indebtedness, so that they may continue in business without being subject to foreclosure,

and—worse than that—to loss of stock and everything in addition to their property under a deficiency judgment.

I am wondering if the committee has considered that group or the possibility of introducing another bill at a later date to cover that group of individuals?

Mr. STEAGALL. Of course, such a provision could have no proper place in this bill. We all share the solicitude which the gentleman feels for citizens of the country in the class to which he has alluded, but I have not yet seen any legislation designed to afford specific relief to that class.

Mr. KVALE. And none is in formative process now?

Mr. STEAGALL. Not that I know of.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The Clerk read as follows:

CREATION OF EMERGENCY LOAN CORPORATION

SEC. 4. (a) The Board is hereby authorized and directed to create a corporation to be known as the Home Owners' Loan Corporation, which shall be an instrumentality of the United States and which shall be under the direction of the Board and operated by it under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section.

(b) The Board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate \$200,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Secretary of the Treasury deems advisable. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of \$200,000,000, or so much thereof as may be necessary, and for such purpose the amount of the notes, bonds, debentures, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is hereby increased by such amounts as may be necessary.

(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed \$2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section or exchanged, as hereinafter provided. Such bonds shall be issued in such denominations as the Board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be instrumentalities of the United States and shall so state on the face thereof, and shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office prior to the date of the enactment of this act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding \$50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case \$10,000, or 80 percent of the value of the real estate as determined by an

appraisal made by the Corporation, whichever is the smaller. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 15 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at the rate of 5 percent per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension. As used in this subsection, the term "real estate" includes only real estate held in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than three families used by the owner as a home or held by him as a homestead and having a value not exceeding \$15,000.

(e) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, to make loans in cash, subject to the same limitations and for the same purposes for which cash advances may be made under subsection (d) of this section, in cases where the property is not otherwise encumbered; but no such loan shall exceed 80 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Each such loan shall be secured by a duly recorded home mortgage, and shall bear interest at the same rate and shall be subject to the same provisions with respect to amortization and extensions as are applicable in the case of obligations refinanced under subsection (d) of this section.

(f) The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks upon making reasonable compensation therefor as determined by the Board.

(g) The Corporation is further authorized, for a period of 3 years from the date of the enactment of this act, to exchange bonds and to advance cash, subject to the limitations provided in subsection (d) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust within 2 years prior to such exchange or advance.

(h) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds, which shall be accepted for such purpose at face value.

(i) The Board is authorized to make such bylaws, rules, and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The Corporation is further authorized and directed to retire and cancel the bonds and stocks of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The Board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

Mr. WOLCOTT. Mr. Chairman, a point of order. I am a member of the committee and I was on my feet seeking recognition to offer an amendment.

The CHAIRMAN. The gentleman from Michigan, a member of the committee, is recognized to offer an amendment. The gentleman from Missouri [Mr. COCHRAN] will be recognized later.

Mr. WOLCOTT. I offer an amendment which is at the Clerk's desk, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 7, line 20, after the word "encumbered", strike out the semicolon and insert "and if the mortgagee or seller under purchase money, mortgage, or contract shall not accept the bonds of the Corporation in exchange as provided in subsection (d) of this section, and if the Corporation, within its discretion, finds that the necessary amount of the loan cannot be obtained from ordinary lending agencies, then it is likewise authorized to purchase by cash or otherwise the equity and/or interest of the mortgagee or seller under purchase money, mortgage, or contract, provided that the amount of such equity and/or interest and cash advances does not exceed 30 percent of the appraised value of the property."

Mr. WOLCOTT. Mr. Chairman, if there is any criticism which anyone can have of this bill it is that it does not accomplish the purpose expressed in the President's message to Congress on April 13. In that message the President said that the reason for this bill which accompanied his message was as follows:

Implicit in the legislation which I am suggesting to you is a declaration of national policy. This policy is that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guaranty of social and economic stability, and that to protect home owners from inequitable forced liquidation in a time of general stress is a proper concern of the Government.

Now, we start out on the premise that this bill is going to help the home owner who is hard-pressed by a mortgagee, because if the mortgagor is not hard-pressed by the mortgagee there is no particular reason for this legislation. If the mortgagee is pressing the mortgagor for the payment of the mortgage it is only reasonable to presume that he is that kind of man who will enter into any deal with the idea that he is going to benefit his own pocketbook. I do not think, in a great many instances, the mortgagees will accept these bonds.

So for that reason, where the home owner has paid his mortgage down to within 30 percent of the value which the corporation will place upon the property, the amendment which I have offered authorizes the corporation to purchase the interest or equity of the mortgagee. In other words, it will authorize the corporation to advance the cash by which the operation between the mortgagee and the mortgagor may be terminated, and the mortgagor then may enter into a new obligation directly with the corporation.

As an example, we will assume a man has a home worth \$8,000, and that he originally had a \$5,000 mortgage on that home. He and his wife and family have skimped and pinched to pay that mortgage down to within a thousand dollars. Is it not good, cold business on the part of that mortgagee to insist upon foreclosure, rather than to take the bonds of the corporation which have a par value when presented to him of \$100, and perhaps within 30 days will only have a value of \$78? Is he not going to insist upon foreclosure? That is the kind of property we want this corporation to hold as security for its bonds. If we can get that kind of security, possibly we will have something behind these bonds by which they will be made more attractive to the purchasing public, and we will be able to build up a fund by which the purposes of this bill may be accomplished.

Mr. KVALE. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. KVALE. I think the gentleman's amendment is a very important one, and I hope the committee will accept it, but why did the gentleman fix a limit of 30 percent rather than 40 or 50 percent?

Mr. WOLCOTT. I may say that the figure is purely arbitrary. I had in mind that if a man had paid his obligations down to within 30 percent of the valuation of his home, he should be helped. It is suggested as being possibly the most equitable figure we can arrive at and still allow the corporation to do business on a sound basis.

Mr. KVALE. The gentleman probably had in mind that the first mortgage was 50 percent.

Mr. WOLCOTT. Yes.

Mr. DONDERO. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. DONDERO. In the case the gentleman cited, it would be to the advantage of the man who held the mortgage to refuse to accept bonds, for the reason that he could acquire the property by foreclosure and thereby enrich his own pocketbook, unless this corporation were authorized to pay that amount in money and save the man's home?

Mr. WOLCOTT. Absolutely; because under this bill the mortgagor is at the complete mercy of the mortgagee, and unless the mortgagee accepts the bonds of the corporation there is absolutely not one scintilla of help which can be given under the terms of this bill to the mortgagor unless this amendment is adopted.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. Wolcott] has expired.

Mr. BROWN of Kentucky. Mr. Chairman, it seems to me this amendment makes the bill of some value to those who really need it. Under the bill without this amendment, I cannot conceive any set of circumstances under which an individual might receive any benefit unless his property were so heavily mortgaged that it would be better for him to give the property to the mortgagee.

If the amendment of the gentleman from Michigan is accepted, then the man who has paid his mortgage down to a very small amount will have some chance to have his property by paying cash to the mortgagee.

If this amendment is not adopted, greater incentive will be provided for the man holding the mortgage to foreclose on it. This amendment is in line with what the President said he wanted us to do to relieve the home owners of this country.

We ought not to fix it so that the man who has paid his mortgage down to a small amount can be taken advantage of by the mortgagee demanding his pound of flesh. [Applause.]

Without this amendment we will have no bill that will afford relief to the man whose property is worth four or five times the outstanding amount of the mortgage where the mortgagee refuses to accept the bonds. This mortgagee will demand the sale of the property and will bid it in at the courthouse door at one fifth the value of the property.

If you want to help the home owners of the country, support this amendment. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. Wolcott].

The amendment was agreed to.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: Page 7, line 2, strike out the figure "5" and insert in lieu thereof the figure "4½."

Mr. HANCOCK of North Carolina. Mr. Chairman, briefly, this amendment is designed to reduce the interest rate on mortgage loans from 5 percent to 4½ percent.

I dislike to indulge in invidious comparisons or to even suggest that in our approach to legislation here we should have our minds on any particular class. For myself, I desire to think in national terms and to let my mind's eye visualize the people as a whole. All of us know that many a ship of state has been wrecked upon the rock of favoritism or special privilege. I believe that the entire Membership of this House are keenly concerned in seeing that our great Government treats all alike. About 2 weeks ago we passed the farm mortgage credit bill, which provided an extension to distressed farm mortgagors at 4½-percent interest. This amendment will place all mortgagors on an equal footing so far as the Government can influence their status. It is not my purpose to discuss the general purposes of the bill. I am going to support it in spite of the fact that it does not conform to my idea of the best way to meet the situation which it undertakes to remedy. With the many considerations involved, I am confident that its authors have done the best they could. Both our chairman and the ranking

minority member have covered the salient features of the bill in a clear and effective manner.

If administered right and in keeping with the President's purpose, it can be made an instrument of great good and afford splendid relief to the thousands of distressed mortgage debtors who are living in constant fear and dread of the sheriff's hammer. The government that does not protect the worthy home owner during an emergency like this cannot survive or expect to be held in patriotic esteem and respect by its subjects. The home is the greatest institution in the land, regardless of its structure, style, or cost. From it the Nation receives its strength, and to it the Nation may in time of trouble look for its security.

My contention is that the home owner is entitled to every practical advantage which the Government can properly bestow. I maintain that he is entitled to the lowest interest charge consistent with sound financial practice and policy. In my judgment the mainspring of credit legislation should be for his protection. If the Government be justified in granting any privilege, it should be toward assisting the man with a family who wants to live in peace under his own roof. If you permit further dispossession of home owners through foreclosure in this crisis, you are treading a sure path which will lead inevitably to a complete breakdown of what is left of our civilization.

Besides the desirability of providing an equal rate of interest on all mortgages—and I personally would like to see the rate 3 percent, rather than 4½—under the mechanics of this bill an additional service cost of 1 percent would seem to be exorbitant. As many of you know, under the Federal home loan bank bill provision was made to give the banks a spread of 1½ percent to cover service charges and other essential income. If you will examine the present emergency measure you will see that the home owners' loan corporation is to be operated by and under the Federal Home Loan Bank Board. This being true, why is there any need for any additional service charge? Of course, it is admitted that the corporation will incur some expense. But one half of 1 percent on the total amount which may be loaned, and must be loaned if the relief proposed is extensive, will provide an income of more than \$10,000,000. Now, it does not take a keen financial mind to perceive that the bonds proposed to be issued cannot possibly be marketed at any time in the near future, and must be used for exchange purposes. This means that the Treasury Department will have to furnish the money, as it is now doing to the Federal home-loan banks at a rate of 2 percent. Then, too, it must be remembered that this is a temporary, emergency corporation and not set up for profit-making purposes. It is therefore conceivable that a borrower through the two systems will pay the service charge of 2½ percent during this distressful time, when literally millions of good men cannot possibly take care of their families and keep their taxes paid.

All of us realize that capital charges constitute the insuperable barrier against an early readjustment to the new level of prices and new order of things. To break this Gordian knot other than by the sword of bankruptcy, the Government should lead the way in favor of a general scaling down of interest charges. [Applause.]

It should also, as soon as this emergency passes, cease forever the issuance of tax-exempt securities. Time, however, will not permit me to launch into a discussion of this feature of our financial system.

I have listened attentively to the criticisms which have been leveled at this bill by the Membership. Some have been just and some have been unjust. I am confident that through this measure the President hopes to be able to attain his objective in stopping foreclosures and providing ways and means to insure to the home owners free ownership of the individual's kingdom on earth. Candor, based upon a thorough understanding of the bill after weeks of study, compels me to say that I hope the laudable objectives can be attained. But to do so will depend largely upon the attitude and ability of the officers in charge and their capacity to drive advantageous bargains with the mortgagees.

Unless the mortgagee will agree to a reduction in the mortgage debt, which he should do under existing conditions, little relief beyond a breathing spell not to exceed 3 years can result to the borrower. The interest rate of itself, so far as reducing the mortgage debt, carries but a modicum of relief.

In my own judgment, I am not so sure but that it would have been better to have authorized the Board to take up worthy, bona-fide existing home mortgages at their present face value by exchanging therefor similar bonds bearing 2 percent interest, with the understanding that the mortgagor would have an extended period of years within which to discharge the obligation. [Applause.]

At this point I desire to call to the attention of the House that on the first day of this special session I introduced House Joint Resolution 54, which was referred to the Judiciary Committee. That bill proposes a 2-year suspension period on all debts secured by mortgage or other similar instrument and also all bonds issued by any State, Territory, possession, county, municipality, or other political subdivision. If there is any obligation which can afford to stand still during this emergency, it is a secured debt. And I know of no better way to impair the obligation of a contract today than to resort to the remedy provided for its collection. If this measure could be enacted into law, it would greatly aid in effectively working out the provisions of the bill which we are now considering. It would also encourage the debtor and creditor to effect a conciliation or compromise of the debt which would be fair to the lender as well as the borrower.

Out of approximately \$20,000,000,000 in home-mortgage loans outstanding today, my information is that more than one half of this amount is today in default. I am likewise informed from reliable sources that it is very probable that within the next 6 months more than 60 percent of the counties and municipalities throughout the breadth and length of this great country will be unable to meet their maturing obligations and will go down in default. It is true that the provisions of this bill will assist not only the distressed mortgage debtors, but it will indirectly aid many individuals and institutions deserving assistance that are carrying these obligations, and also many municipalities and counties will benefit by reason of the provisions which authorize the Corporation to make cash advances to mortgagors to meet taxes and assessments.

In conclusion, let me say that, irrespective of the action taken by the House regarding this amendment, I shall support the measure, because I feel that it can be administered in a way to help many who are in trouble today. At the same time, I am conscious of the fact that there will be thousands who will be disappointed and perhaps left out. All of us recognize that no bill will do all that all of us would like for it to do and that there are certain limits beyond which the Government should not and cannot go in financial legislation. In good conscience and equity, I appeal to the Membership to support my amendment.

Mr. KVALE. Mr. Chairman, I rise in opposition to the amendment.

My opposition is not to the amendment, but to the rate which the gentleman offers in the amendment, and I think at this time there should appear in the Record, appropriately, a telegram which was sent to me by a former colleague with reference to the farm mortgage bill, and which also applies in equal measure to this bill. With the permission of the Committee, I am going to read it:

If it is true that farm mortgage bill provides for 5 percent interest, I appeal to you and fellow progressives to vote against such damnable provision. Sanctioning by legislation at this late date of a 5-percent interest rate is not only unconscionable but indecent. By voting against the bill you will not only protect the farmer but will be voting for the best interest of the country and the future of our Republic. I am certain that administration and leadership sponsoring this bill have been not only misinformed and misled but deceived. Bankers' advice should not be heeded; they have not only been exposed of their wretched misconduct and selfishness and disregard of public interest but their incompetency as well. They are discredited and are now cringing, seeking to perpetuate a cruel system of exploitation. Congress must not permit them to capitalize the misery of the farmers and

the workers from which they can get dividends for the next 40 years. Mark you that bankers will exchange existing mortgages for absolute good assured bonds provided in the bill. Interest rate cannot afterwards be lowered. You will recall my bill which provided for 3 percent interest of which only 2 percent would be paid to holders of present mortgage. At the time bankers with their backs to the wall were only too glad to get such a measure; it was either that then or a complete loss of farm mortgages. The courageous spirit of self and home preservation displayed by the farmers of Iowa will be emulated all over the country unless their interest rate is brought down. If proper protest is displayed now the country will back such action and a low rate of interest can be written into the law. Bankers are chuckling that they are putting something over on Congress and the American people. They are too stupid to see the handwriting on the wall. Stick to 3 percent interest, of which 2 to the mortgage holders as per my bill, which you will find on file and which at the time I can assure you had the approval of persons up to the very highest of present administration.

F. H. LaGUARDIA.

[Prolonged applause.]

Mr. LOZIER. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. LOZIER. Is it not true that under normal conditions the interest rate on money employed in productive industry and in all lines and vocations is tremendously influenced by the rate on Government or semi-Government or quasi-Government obligations; and by leaving this rate at 5 percent, does it not tremendously influence the rate on other loans in all lines of industry?

Mr. KVALE. Inevitably you thereby hold up the entire interest and credit structure. It is not a matter of the saving of a particular amount estimated by taking your entire mortgage blanket of 20 billion and then taking 1 percent of that as the saving to the home owners, it is the effect upon the interest rates and the structure of your entire credit system throughout the Nation.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. HANCOCK of North Carolina. I assume the gentleman clearly understands that this corporation is not being set up for the purpose of making money out of distressed mortgage bonds?

Mr. KVALE. Certainly.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I offer an amendment as a substitute for the pending amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER as a substitute for the amendment offered by Mr. HANCOCK of North Carolina: On page 7, line 2, after the word "rate", strike out the word "of" and insert "not exceeding."

Mr. CELLER. Mr. Chairman, the spread that exists in the bill as it came out of the committee is 1 percent. The corporation pays 4 percent for money and gets 5 percent in return. One percent on the potential possibility of loaning the \$2,200,000,000 is \$22,000,000. Twenty-two million dollars is an excessive profit to make for this home owners' loan corporation.

I agree with the gentleman from North Carolina that the Federal home-loan banks will do all the work. There will probably be no duplication of expense, and therefore, in that light, \$22,000,000 will be more than excessive. We ought to reduce the interest rate.

Now, the interest rate for money in sufficient quantities may be reduced even lower than the amount indicated by the gentleman from North Carolina. I think it would be better, therefore, to leave the matter in the discretion of the directors of the corporation rather than to fix it at an arbitrary limit of 5 or 4½ percent. If the profits are sufficient, it may be reduced to 4½ percent or even more.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. HANCOCK of North Carolina. Is it not the gentleman's experience, based upon his contact with banking corporations and knowledge of Government agencies, that when a maximum rate is written into a bill, a rate less than that is rarely, if ever, extended to the borrower?

Mr. CELLER. I do not think that can be stated in reference to an instrumentality of the Government. I do not believe that if they make a loan as the result of this spread that they would exact from the home owner, whom they are sworn to relieve, an amount not consistent with the profit they are making.

Mr. HANCOCK of North Carolina. Does the gentleman understand that all the money now in the coffers of the home-loan banks in the United States has been borrowed from the Government at 2 percent and is being loaned to building and loan associations at 5 to 5½ percent? Now, the gentleman surely does not think that another 1-percent profit for operating expenses should be allowed with its additional burden on the home owner? Such a service cost seems exorbitant to me.

Mr. CELLER. I do not think the gentleman from North Carolina appreciates or apprehends the force of my amendment. I do not put it at 5 percent. Let it be a sliding scale. It may go lower, it may go to 3 or even 2½ percent. Let there be a discretionary power in the hands of the directors. I say let the interest rate be "not exceeding 5 percent."

Mr. HANCOCK of North Carolina. I agree with the gentleman so far as providing a plan which offers a chance for a rate lower than 4½ percent. Let me say here I have the utmost faith and confidence in the leadership of the present Federal Home Loan Bank Board under the supervision of Mr. Stevenson. I am also a staunch supporter of the system. If properly administered, it will become a great and beneficent institution. It is underlaid with wonderful social and economic accomplishments. At the same time I admit that up to now, for reasons which I shall not enumerate, its usefulness has been dwarfed and only partially made effective. As a discount system it should one day equal the Federal Reserve System. There is power for good in it.

Mr. CELLER. I do not know anything about D.D., but the gentleman, I think, ought to accede to my amendment and give them a chance to reduce it below 4 percent if they can really do it.

Mr. LOZIER. Will not the gentleman offer his amendment as an amendment to the amendment of the gentleman from North Carolina, not to exceed 4½ percent?

Mr. CELLER. I will accept that amendment. Mr. Chairman, I ask unanimous consent to modify my amendment so that it will read "not exceeding 4½ percent."

The CHAIRMAN. The gentleman from New York asks unanimous consent to modify his substitute amendment by striking out "5 percent" and inserting "4½ percent." Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Modified amendment by Mr. CELLER, as a substitute for the amendment offered by Mr. HANCOCK of North Carolina: Page 7, line 2, after the word "rate" strike out the word "of" and insert "not exceeding 4½ percent."

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment. There is not a Member of this House nor a citizen of the country outside of this House who would not like to see the debt-burdened people of the Nation relieved of interest charges as far as it is possible to do so. But the question before this House is a practical one. It is easy to talk about reducing interest rates, and it is desirable to do so as far as we can. But more important than the reduction of interest on loans is the proposition of being able to secure funds with which to discharge debts in order that home owners and their families may not be turned out of their homes and into the streets. That is the situation which we are trying to relieve. It is not a mere question of interest rates. Many of these people cannot pay the present rates. These rates now run up to 8 and 10 percent and even higher. Many of them cannot pay 5 percent, and those who cannot pay 5 percent, of course, cannot pay 4½ percent. We have a different proposition in this bill from the provision carried in the original home loan bill to which

the gentleman from North Carolina [Mr. HANCOCK] refers. Under the original home loan bill, property eligible for loans cannot be accepted for loans above 40 percent of its value.

The gentleman talks about the original home-loan bank system and of the interest rates paid by those banks, but the facts are, as has been pointed out here repeatedly, the original home-loan bank system down to this hour has proven wholly inadequate to grant the relief so much needed by home owners of this country. The two propositions are not in any legitimate sense related. The bill now under consideration is an emergency piece of legislation. The corporation to be organized is separate and distinct from the original home-loan bank system. It is intended to render a service entirely different. Under this bill a home owner may obtain a loan up to 80 percent of the value of his home. It is far more important that the home owner get the largest possible amount in order to save his home than it is that the interest rate be reduced by a mere trifle.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. In just a moment. It is considered necessary to have a spread of 1 percent in order to administer this emergency system with this liberal valuation provision and to accomplish the purpose for which it is intended. This is the opinion of all who are to be charged with the duty of carrying out the law. If we reduce the interest on the mortgages, we will accentuate the difficulties anticipated by many Members that will confront the administrators of this law in the effort to exchange bonds for mortgages.

Back of those loans not only is the interest to be guaranteed by the Government but the basic protection of these bonds is the security back of the loans, plus the additional protection of the \$200,000,000 initial capital of the corporation. This bill has been carefully worked out. There is no one who is not just as anxious as my friend to reduce interest rates. We should all like to do it, but what we want to do above and beyond all things else, as far as we can within the limits of this legislation, is to save the homes of the people. If you hamstring this board as this amendment would do, you will cause many applications of distressed home owners to be turned down, and many citizens in danger of losing their homes will be unable to obtain loans. That is what is involved in this situation.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield to me?

Mr. STEAGALL. If I may have 1 minute more, I will yield. I ask unanimous consent to proceed for 1 minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HANCOCK of North Carolina. Is it not the judgment of the chairman of our committee that none of these bonds will be sold to the public?

Mr. STEAGALL. I do not know that they will be sold. That is not contemplated. It is expected that they will be exchanged for mortgages.

Mr. HANCOCK of North Carolina. Is not the gentleman willing to admit that these bonds are to be used primarily to exchange for mortgages?

Mr. STEAGALL. Yes.

Mr. HANCOCK of North Carolina. Then what difference does it make about the interest rate?

Mr. STEAGALL. Gentlemen have argued here repeatedly that it is going to be impracticable to secure exchange of these bonds for mortgages in order to accomplish the purposes of this act, and every time you strike at the security back of those bonds you have made it more difficult to negotiate the exchange for a mortgage that will save some citizen's home. That is the real object to be accomplished by this legislation.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. BYRNS. Mr. Chairman, I move to strike out the last three words. I have not had anything to say with reference to this bill, but it occurs to me that this amendment, as the gentleman from Alabama [Mr. STEAGALL] says, strikes at the very vitals of what the Government is trying to do with reference to saving the homes of this country. I cannot refrain, therefore, from expressing my views with reference to these two amendments which are pending. I agree with the gentleman from Alabama [Mr. STEAGALL], and certainly he expresses what is in the heart and mind of every Member of this House, that we want to give the very lowest possible rate of interest to those people who owe this money. There is no question about that, and if the gentleman from New York [Mr. CELLER] had left his amendment as he originally introduced it, providing that it should not exceed 5 percent, I would have gladly voted for it.

Now, gentlemen, let us not possibly destroy this bill, as you may do as we sit here, merely for what the gentleman from Alabama says is a trifle in interest. The gentleman has called attention to the fact that this bill undertakes to give the mortgagor now an opportunity to receive money up to the extent of 80 per cent of the value of his property, something, we know, that he cannot now do from private interests. You know and I know that in many instances people are now paying upon their homes interest amounting not to 6 percent but in some cases 8 and 10 and even 12 percent, of which I have heard. I am entirely in sympathy with what the gentleman from North Carolina [Mr. HANCOCK] and the gentleman from New York [Mr. CELLER] are seeking to accomplish. They are seeking to help the home owners, as we all are.

I do not want to see this interest any higher than it should be, but we cannot afford to run the risk of making it impossible to carry out the purposes of this bill by lowering the rate of interest to a point beyond that which the Board thinks is necessary in order to carry it out.

Now, we talk about 4-percent bonds. The mortgagee is expected to take those bonds. Is that not a fact? He takes them at 4 percent interest. What security has he for his bonds? The Government guarantees the interest, and he must look to the property itself to pay the principal; and yet, up until yesterday, if I remember correctly, bonds bearing 3½ percent interest, bonds of the Government itself, for which the Government is responsible both for the principal and interest, were selling at less than par. So there is something in what these gentlemen say with reference to the possibility of the mortgagee's not taking these 4-percent bonds.

Now, what must be paid out of the 1 percent? All expenses of administration must be paid; all losses that may be incurred by the Board upon the property upon which it lends money must be paid. I do not know whether it will require 1 percent or not; neither do you gentlemen know whether it will require 1 percent or not. If it does not, then I do not want to see them charge 5 percent. I want to see them charge only that amount which is necessary to economically carry out this law in letter and in spirit, in the interest of the home owners of this country, and to enable them to save their homes; but I fear that if we undertake to change this rate of interest which has been approved by the Home Loan Bank Board, which has been carefully considered by gentlemen just as patriotic and just as anxious to serve the people as you and I, we may endanger and destroy just what we are trying to do in the passage of this bill.

What does one half of 1 percent mean upon the greatest amount of loan that can be made? It only means \$50 per year. That amounts to something, of course, but I would rather see this home-loan bank charge even 5 percent than run the risk of destroying this bill and the purposes for which we are passing it. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. BYRNS] has expired.

Mr. LUCE. Mr. Chairman, I rise in opposition to the proforma amendment. I rise to endorse what the chairman of the committee and the gentleman from Tennessee [Mr. BYRNS] have said. If the gentleman from New York [Mr.

CELLER] had not withdrawn his original amendment and changed it from not to exceed 5 percent to 4½, I should have voted with him; but as it is, I shall now move as a new amendment to insert the words "not to exceed" on page 7, in line 2, before the word "five", making it read "at the rate of not to exceed 5 percent."

Mr. CELLER. The gentleman offers that as a substitute to my amendment?

Mr. LUCE. No; as a separate amendment; as an independent amendment.

Mr. CELLER. The gentleman will offer it?

Mr. LUCE. I do offer it.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment to the amendment.

Mr. LUCE. No, Mr. Chairman; I offer an amendment to the section.

Mr. CELLER. Mr. Chairman, I make a point of order that the amendment is not in order.

The CHAIRMAN. There is an amendment, as a substitute for an amendment, pending. The Clerk will hold the amendment offered by the gentleman from Massachusetts until the pending amendment and the substitute therefor are disposed of.

Mr. LUCE. Then I hope that the House may vote down the pending amendment in order that my amendment may be considered. Furthermore, I desire to add this observation: That we may legislate here as to what interest we will ask the people to pay, but we cannot by legislation compel the lender of money to lend at a lower rate than he sees fit to charge. The basic point in this matter is the price at which you may sell the bonds. We all know the grave uncertainties that confront us in the next 3 years. The price of money in that time may rise or it may fall. The prudent course is to leave this to the judgment of the board, by imposing a maximum in the bill—4 percent upon what we borrow, 5 percent upon what we lend—and trust this Board, which will undoubtedly last at least 3 years in its present control, to get lower rates for borrowing or make lower rates for lending as the opportunity may come. Therefore I hope the amendment will be defeated and that my subsequent amendment may be adopted.

Mr. HEALEY. Mr. Chairman, I offer an amendment to the substitute amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HEALEY in lieu of the Celler amendment: Page 7, line 2, after the word "rate", strike out the word "of" and insert "not exceeding."

The CHAIRMAN. The question is on the amendment to the substitute offered by the gentleman from New York for the amendment offered by the gentleman from North Carolina.

Mr. HEALEY. Mr. Chairman, my amendment to the substitute is the same as the original amendment offered by the gentleman from New York [Mr. CELLER] at a rate of interest not to exceed 5 percent.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. LUCE. The gentleman is offering to amend the Celler amendment in its present shape; and the effect of his amendment would be to make the language read: "Not to exceed 4½ percent."

Mr. HEALEY. Not to exceed 5 percent.

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the pending amendment be read for the information of the House.

The CHAIRMAN. Without objection, the Clerk will read the amendment of the gentleman from North Carolina [Mr. HANCOCK] for the information of the House and the substitute amendment offered by the gentleman from New York [Mr. CELLER].

There was no objection.

The Clerk again read the Hancock amendment and the Celler substitute amendment.

The CHAIRMAN. The Clerk will read the amendment to the substitute offered by the gentleman from Massachusetts [Mr. HEALEY].

The Clerk again read the amendment offered by Mr. HEALEY to the substitute amendment.

Mr. ZIONCHECK. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. ZIONCHECK. I think the parliamentary situation is that the first amendment, the amendment offered by the gentleman from North Carolina, was for 4½ percent. The gentleman from New York offered a substitute amendment providing that the rate not exceed 5 percent. The chairman of the committee then amended the substitute to change the rate to 4½ percent.

The CHAIRMAN. The gentleman from New York asked unanimous consent to amend his substitute and make the rate 4½ percent.

The gentleman from Massachusetts [Mr. HEALEY] is recognized for 5 minutes.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. CELLER. Mr. Chairman, I take it the parliamentary situation is we have first to vote upon the amendment to the substitute, which is to the effect that the rate shall not exceed 5 percent.

I believe this is quite consistent with the remarks of the gentleman from Massachusetts. It is consistent with the remarks of the gentleman from Tennessee to the effect that you will have a sliding scale according to the market price of the bonds, but that the interest shall in no circumstance exceed 5 percent.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. LUCE. If the interpretation just given by the gentleman from New York is correct, it will accomplish what I meant to accomplish by a subsequent amendment. As I understood the Chair to state the question, my colleague has simply inserted the words "not exceeding" in front of "4½."

Mr. HEALEY. My amendment provides that the interest rate shall not exceed 5 percent.

Mr. LUCE. I have no desire to offer amendments merely for the honor of having offered them, and I am pleased to yield to my colleague from Massachusetts.

Mr. HANCOCK of North Carolina. Mr. Chairman, I rise in opposition to the amendment to the substitute amendment offered by myself, and do so planning to take merely a minute or two to again call to the attention of the Committee that the home owners' corporation is a temporary proposition. It is being set up with the idea of meeting this present emergency. It is to be operated by the Federal Home Loan Bank Board. Still under the bill it is proposed to charge the borrowers 1 percent above the interest rate they pay on their bonds, which every informed student of finance knows cannot be sold until long after the urgent need for the funds has passed. Therefore the money must, as anticipated by the bill, be furnished by the Treasury.

I am getting sick and tired, as a working Member of this House, being led, so to speak, with a ring in my nose. [Applause.] After working for weeks on a bill to have a Member, even like the distinguished, able, and affable leader, stand up here and suggest that a member of the committee favoring and supporting the legislation is trying to wreck the bill is displeasing. He surely could not mean to convey such impression. He is entirely incapable of being unfair.

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. BYRNS. I am standing with the chairman of the gentleman's committee, the ranking member of the committee, the gentleman from Wisconsin; and I understand every member of the gentleman's committee save the gentleman himself and one other—I know my friend the gentleman from North Carolina feels as I do toward the distressed home owner and is actuated by the best motive.

Mr. HANCOCK of North Carolina. Now, let me remind this body that this is a representative form of government. There are three distinct branches of it. We are trying to go along harmoniously and like plans whether they fit in with

our ideas or not. Let me also say here and now that I am 100 percent behind the administration. I am even willing to bury temporarily definite convictions of long standing and submit gracefully to being called a rubber stamp, but, my God, are we to embalm our bodies and chloroform our minds? Cannot a man think out loud in this House any more, and especially when he is conscientiously trying to perform a duty and service to his country? [Applause.] Has he got to be condemned for that procedure, or perchance accused of disloyalty? Are we not here for debate to insure the wisdom and justice of laws? These are impersonal observations that I must get off my chest. This policy should be abandoned and efforts for good accredited rather than discredited. We are all, I feel, working for the same end and each man's honest views should be accorded respect.

Mr. BYRNS. Is not the gentleman a little sensitive? I never accused him of trying to wreck this bill. I did not accuse the gentleman of trying to wreck it.

Mr. HANCOCK of North Carolina. I regret that I so interpreted the gentleman's statement.

Mr. BYRNS. Your interpretation was entirely wrong.

Mr. HANCOCK of North Carolina. I believe I am right, and I am trying to have my view considered on its merits, unprejudiced by the implication that it would cause wreckage to the bill.

Mr. BYRNS. I simply said that I feared the effect of the gentleman's amendment would be to wreck this bill.

Mr. HANCOCK of North Carolina. I gladly accept my friend's explanation and abhor the misunderstanding.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. HEALEY] to the substitute offered by the gentleman from New York [Mr. CELLER] for the amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The amendment to the substitute for the Hancock amendment was agreed to.

The substitute for the Hancock amendment, as amended, was agreed to.

The Hancock amendment, as amended by the substitute, was agreed to.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 7, line 17, after the word "cash", strike out the words down to and including "encumbered" in line 20, and insert in lieu thereof the words "to home owners."

Mr. COCHRAN of Missouri. Mr. Chairman, my amendment strikes at the very heart of this question. You have an opportunity now to say whether you desire to make a direct cash loan to the home owner or whether you want to go along in the way that the bill provides, which I fear will only be a help to the one who holds the mortgage, if to anyone.

The gentleman from North Carolina [Mr. HANCOCK], a member of the committee who has studied this question for some 5 weeks, tells you that the bonds are not going to be sold. If that be so, what value is the bill? Suppose the mortgagee refuses to take the bonds, and the gentleman from Michigan has said that he will probably not take them. Who is going to take them?

Is there a man in this House who will deny that the laws of the various States of this country do not prohibit building and loan associations, prohibit savings banks, and prohibit insurance companies from purchasing securities of the character described in this bill? I pause for any Member of this House to cite any law which will permit the building and loan associations, the savings banks, or the insurance companies to take these bonds where the interest alone is guaranteed by the Government. No one seems to contradict this statement, and if it be true, who is going to take the bonds and where is the relief coming to the home owner?

My amendment seeks to do what I have been trying to do on this floor for several years.

Mr. DONDERO. Will the gentleman yield for a question?

Mr. COCHRAN of Missouri. I yield.

Mr. DONDERO. Does the gentleman think the mortgagee will take the bonds in preference to the mortgage he holds?

Mr. COCHRAN of Missouri. I do not.

Mr. KELLER. Why not?

Mr. DONDERO. Because it is not guaranteed by the Government.

Mr. KELLER. But it is not taxable.

Mr. MOREHEAD. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. MOREHEAD. I do not thoroughly understand the gentleman's amendment. Will the gentleman again explain it?

Mr. COCHRAN of Missouri. My amendment provides that the loan can be made direct to the home owner and it shall not exceed 80 percent of the present appraised value of the property. It is the same amendment I offered to the present home loan bank law.

The question is whether you want to make a direct loan to a home owner or whether you do not want to make a direct loan to the home owner.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. MARTIN of Oregon. Where are you going to get this cash that you are handing out?

Mr. COCHRAN of Missouri. You secured it for other purposes. You loaned money direct to the farmer to buy seed to plant and the security is a crop, if he gets it. You loaned money direct to the farmer to buy cattle, if he had feed, and your security was the cattle, with no telling what was going to happen to the price of cattle. You loaned money direct to the farmer to purchase feed for his cattle, and all the security you had was the cattle.

If a man's home and the ground it is on are not better security than that, I do not want to have anything to do with such a bill. The home is better security than anything the Reconstruction Finance Corporation has as collateral for loans.

Mr. MARTIN of Oregon. Where are you going to get this cash?

Mr. COCHRAN of Missouri. Where did you get it to lend to the railroad companies, where did you get it to lend to the insurance companies, where did you get it to lend to the other great corporations? Where is the real foundation of the country if it is not in the home? The Government still has credit.

Mr. MARTIN of Oregon. The thing you want to do is to print greenbacks.

Mr. HOEPEL. May I answer the gentleman from Oregon?

Mr. COCHRAN of Missouri. With pleasure, if you desire.

Mr. HOEPEL. We can get \$1,000,000,000 from the postal savings fund at 2 percent, if the gentleman wants to know, which is now being lent to the bankers at 2½-percent interest.

Mr. COCHRAN of Missouri. As I have stated, here is a chance to decide the question, once for all, of whether or not you want to do business direct with the home owner. Never mind handing him any more gold bricks or extending false hopes. If you want to do something for him loan him the money to save his home direct. [Applause.]

Mr. LUCE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the result of adopting this amendment would be the dropping of the average interest rate in this country by 1 percent.

There are 11,442 building and loan associations, with assets of eight billion four hundred and seventeen million and odd dollars. These associations are not the property of the rich. They are the property of people in moderate circumstances. Many members of the associations would be classed as very far from rich. This proposal in its ultimate result would cost the members of these associations, people of moderate means, \$84,000,000 a year by lowering the interest rate. If it reduced the rate in savings banks in the same way, it would add about the same amount of money to the loss, chiefly of wage earners and others with small re-

sources. Also it would in some degree increase the cost of carrying all life insurance.

This is a proposal to lower the inducement to save, to lower the inducement to gather together the money of the masses for their own welfare. As the gentleman said, this will go to the heart of the bill, and if this amendment is adopted it will go to the heart of the thrift of the people of the United States. [Applause.]

Mr. MCGUGIN. Mr. Chairman, let us carefully observe what is really done by the amendment offered by the gentleman from Missouri. I hope the Members will look at the bill, page 7, line 15:

The Corporation is further authorized for a period of 3 years from the date of the enactment of this act to make loans in cash.

Now, where is this new corporation that is being set up going to obtain money with which to make loans in cash? Under the terms of the bill it takes \$200,000,000 from the Treasury and the rest of the money is obtained by selling bonds at 4-percent interest, of which the Government guarantees the interest but not the principal.

I can see how it is possible for this board to dispose of 4-percent bonds which the Government only guarantees the interest where mortgage holders are willing to exchange their mortgages for bonds in this corporation. Why, because the man who holds the mortgage may feel that the mortgage is not any too secure and be glad to exchange it for 4-percent bonds which the Government will guarantee the interest.

As noble as may be the purpose of the gentleman from Missouri, if you adopt this amendment what does it mean? That the corporation will loan to individuals in cash, but if you do that with this bill you break faith with these people, lead them to false hopes, because the corporation is not going to have the money to loan to the people.

Mr. COCHRAN of Missouri. Are you not breaking faith when you say you are going to loan the money—have you any assurance that you can sell the bonds?

Mr. MCGUGIN. You are going to break faith when you say that you will loan money to individuals if you have not got the money to loan.

Mr. COCHRAN of Missouri. What assurance have you that they can sell these bonds?

Mr. MCGUGIN. That is what I am telling you; that is why your amendment will not work.

Mr. DONDERO. Will the gentleman yield?

Mr. MCGUGIN. I yield.

Mr. DONDERO. Does the gentleman think that the mortgagee should be put in any different class from the people who refuse to buy the bonds because they are not guaranteed by the United States Government?

Mr. MCGUGIN. I do not understand what the gentleman means.

Mr. DONDERO. If you cannot sell the bonds to the people because they are not guaranteed, are you going to ask the mortgagee to take them in place of a mortgage?

Mr. MCGUGIN. He may take his choice between keeping his mortgage or exchanging it for these bonds. I really doubt that they are going to do it, and that is why I think the bill may be impractical. Here is what the truth of this thing is. If you want to make these loans, be fair enough to make some provision for this corporation to obtain the money. There is only one way to do that, and that is to place a provision in the bill that the Government will guarantee the principal and the interest; and if you do not do that, then do not hold out to the people of this country that you are going to lend them money when this corporation cannot obtain the money to loan them, because all the power you have given to the corporation to obtain money is to try to sell the bonds on which the Government guarantees only the interest and not the principal.

Mr. KELLER. Is the gentleman going to offer such an amendment? If not, I shall be glad to offer it.

Mr. MCGUGIN. I should be very glad to let the gentleman offer it. If you provide that the Government guarantee the payment of the principal of these bonds, you have not done a thing that was not done in the Reconstruction

Finance Corporation, because every dollar that the Reconstruction Finance Corporation borrows the Government guarantees the repayment of, principal and interest. [Applause.] The bill providing for the Reconstruction Finance Corporation authorized the Reconstruction Finance Corporation to borrow money on its bonds and guarantees the repayment of the bonds, principal and interest, and in turn the Reconstruction Finance Corporation loans the money to those institutions which are the beneficiaries under the Reconstruction Finance Corporation Act.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. ZIONCHECK. Mr. Chairman, the gentleman from Kansas gets up here daily waving his hands, and in a vociferous manner shouts "When are you going to do it, and how are you going to do it?" I sit and listen to him sometimes until my very insides growl. I say that the amendment of the gentleman from Missouri [Mr. COCHRAN] is right. It provides for direct loans by the home owners' loan corporation created under this act, and if this bill is what the proponents claim it to be they should have no objection whatsoever to this amendment. One of the most disheartening and terrible things committed by recent Congresses has been the enactment of the Federal Home Loan Bank Act. The small-home owners throughout the country were led to believe that this measure was passed for their benefit to give them some relief from mortgage foreclosures and from forfeitures of real-estate contracts. Today we have the sad confessional spectacle of the senior members of the Banking and Currency Committee plainly stating that at no time was it ever intended that the small-home owner or those who had lost their homes would ever get any relief, direct or indirect, from the Federal Home Loan Bank Act. They now bluntly tell us that the measure was passed for the relief of the building-and-loan associations throughout the country who were suffering for the reason that their assets were frozen; and, to add insult to injury, they admit that in essence this bill follows the same course although couched in different terminology.

I sat up until late studying the provisions of this bill, planning on putting amendments thereto that it might equitably reach the destitution and dire need of many of the people of the State of Washington, as well as those of the other States of the Union, but I am reconciled to the fact that to press these amendments now would be a useless gesture unless the amendment of the gentleman from Missouri [Mr. COCHRAN] is adopted. I feel certain that our President did not have such a bill as this in mind when he sent his message to Congress asking for relief and protection for the small-home owner, and no member of the committee has dared state that the President approves this bill in its present form.

Coming back to answer the question of the gentlemen from Kansas as to where we are going to get the money in the event that this amendment is passed, let me say that if we give the small home-owner the same rights through this corporation which we are giving the bankers today we will have no difficulty whatsoever in obtaining the money. The chairman of the Banking and Currency Committee sits here today and I ask him to deny that under the 1931 Glass-Steagall amendment to the Federal Reserve Act the banks can take bonds, their own bonds or Government bonds, and deposit them with the Federal Reserve banks, which will in turn issue to them Federal Reserve bank notes, which they in turn use as legal tender; and, as far as the people are concerned, they are legal tender. If the mortgagees refuse to accept the 4-percent bonds provided for in this act in exchange for the mortgages they now hold, then certainly the home owners' loan corporation can deposit these bonds with the Federal Reserve System and get Federal Reserve notes for them, can they not? Is that money?

Mr. MCGUGIN. Can you do that under the terms of this bill?

Mr. ZIONCHECK. It does not have to be in this bill. This amendment was passed in 1931 for the banks to use

it in this manner, and there is no reason why the Federal home-loan bank cannot do the same with the United States bonds at its disposal.

Mr. CELLER. Where is the gentleman's authority for that statement that they can go to the Federal Reserve bank and do what the gentleman says?

Mr. ZIONCHECK. Oh, ask the Chairman of the Committee on Banking and Currency.

Mr. CELLER. Where does the gentleman get his authority?

Mr. ZIONCHECK. Ask the Chairman of the Banking and Currency Committee. The gentleman thinks that because I am a new Member that I do not know what I am talking about, does he?

Mr. CELLER. No, indeed, I do not. I have the greatest respect for the gentleman's knowledge, but I do wish the gentleman would give us the chapter and phrase of the authority. If the gentleman wants to ask the Chairman of the Committee on Banking and Currency, he can do so.

Mr. ZIONCHECK. I will say that it is a matter of fact. I refer to the Glass-Steagall amendment to the Federal Reserve Act of 1931. It is a matter of common knowledge, and if the gentleman from New York does not know it, then he does not know what is going on in the Federal Reserve System.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. ZIONCHECK. Yes.

Mr. McCORMACK. In the home loan bank bill passed last year there was a provision providing for the expanding of the currency in the sum of \$995,000,000. They there permitted the Government bonds bearing interest up to 3 1/4 percent, as I remember it, the same privilege that consuls have now. They have the privilege of depositing them and receiving new currency.

Mr. ZIONCHECK. Yes; new currency. You did it for the banks, but when one suggests that it be done for the little-home owners you hear cries of "greenbacks" or "fiat money." The thing that bothers me about this so-called "home owners loan bill" is that they constantly talk about the poor little-home owner, and still the heads of the committee will not deny that the little-home owner cannot get a loan unless it first meets with the approval of some building-and-loan association and through it. It is the same tactics they used before the last war to instill the hatred for the so-called "Huns" by telling gruesome stories of how the German soldiers ravaged Belgian maidens and were running around with Belgian babies on their bayonets. In order to get this measure through they come out and talk about the poor little-home owner, when in fact this bill is nothing more or less than out-and-out relief for the bankers and the mortgage companies.

They call it a home owner's relief bill, but to do so they do violence to the English language. The amendment of the gentleman from Missouri is absolutely in order, and again I reiterate that if they cannot get the money according to the so-called "regular scheme of things by way of appropriations", then let them use the same scheme that they used for the bankers under the Glass-Steagall amendment of 1931—have the bonds deposited and give the people Federal Reserve bank notes with which to pay their mortgages.

No one can deny that this money can be made absolute legal tender for the payment of debts, both public and private, and if the mortgagees refuse to accept it, it will be just too bad for the mortgagees. I think anyone who has any knowledge of law, or has been in a court room, will recognize whereof I speak.

Again, I want to point out that this present bill is nothing more or less than relief for mortgagees. It proposes to do nothing more than give to the holders of mortgages Government bonds bearing interest at 4 percent per annum, interest guaranteed by the Government of the United States for mortgagees which these mortgagees feel doubtful about. Is there a reasonable-minded person within the hearing of

my voice who thinks for one minute that any mortgagee will accept these bonds in lieu of a mortgage that is sound and secure? I say that they will not.

It is my sincere hope that this amendment will be adopted. If it is not, then many of us will be put in the same position in which we were put upon the farm mortgage relief bill, being compelled to vote for it because it will give some relief to a small percentage of select-home owners, for I cannot put myself in the position of voting against any measure as long as it will give a little help, but I feel absolutely certain that if this bill passes without this amendment providing for direct loans to the small-home owner that the small-home owner's condition generally will be worse 6 months from now than it is today unless other measures are passed to counteract its evil effect. [Applause.]

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. LOZIER. Mr. Chairman, I rise in support of the amendment offered by my colleague the gentleman from Missouri [Mr. COCHRAN]. While it embodies a wise public policy and its adoption would tremendously augment the benefits that would come from this legislation, I recognize the difficulty of engrafting it onto the pending bill, because, while its purposes are wholesome and benevolent, it is not in harmony with the real purpose and intent of the bill we are considering, and unless this measure is materially amended in other paragraphs, the Cochran amendment could not be easily correlated with the structure around which this act is built. If this amendment is adopted, it will be necessary to rewrite and radically alter the provisions for financing this legislation. It is regrettable that the authors of this bill so constructed and fashioned it as to make it practically impossible to provide for direct loans to home owners. [Applause.]

I speak deliberately and seriously when I say that this bill does not meet the expectations and demands of the American people. It does not offer the home owners the type and degree of relief to which they are entitled. Even if sympathetically administered its operation will be disappointing to the home owners for whose relief it is supposed to be enacted.

In essence it is more a bill for the aid and relief of the owners of mortgages on homes than for the relief of home owners. It does not give the home owner direct access to the relief agencies it creates; and only by indirect action and by long, tedious processes can the individual home owner approach the throne of grace and crave the help this measure is supposed to afford. Any home owner relief act Congress may pass will be disappointing and wholly inadequate unless it makes provision for the individual home owner to deal directly with the home owners' loan corporation, the agency created by this act, without the intervention of building and loan associations and other loan organizations. [Applause.]

This bill as written provides an agency by and through which the holders of mortgages on homes may find a market for their securities, but there is no provision under which a home owner may apply for or secure a loan from or through this home owners' loan corporation to save his home from sacrificial foreclosure sale. The one outstanding purpose of this measure is to provide an agency through which banks, building-and-loan associations, life-insurance companies, and mortgage companies can exchange their mortgages on homes for bonds issued by the Government agency hereby created. These bonds bear 4 percent interest, but the home owner pays the corporation 5 percent as the bill is written, and not to exceed 5 percent if a proposed amendment is adopted.

When the home loan bank bill was pending in the last Congress, a large part of the Membership of this body was displeased because it made no worthwhile and workable provision for granting direct loans to home owners. True, it contained a milk-and-water provision for direct loans to home owners, but this section was administered in such an unfriendly and unsympathetic manner that it became a dead letter.

Now the home loan bank bill was a good measure for building-and-loan associations, banks, mortgage companies, life-insurance companies, and other holders of mortgages on homes, and for that reason its enactment was justified, but it was not in reality a bill for the relief of the home owner in the true sense of that term. Only incidentally did any substantial benefits accrue to the home owners under that act. It postponed some foreclosure sales but the mortgagees and not the mortgagors were the chief beneficiaries of that act. When the home loan bank bill was pending, the proponents of the measure opposed liberalizing amendments and argued the bill would be wrecked if the Membership of the House did not accept it "as is", and that amendments that would have put teeth in the measure would provoke a veto.

Mr. STEAGALL. Will the gentleman yield?

Mr. LOZIER. Not now, but later if I have time. Well, we passed the so-called "home-loan bank bill", and what has been the result? As I said, it helped the owners of mortgages on homes tremendously, but only an insignificant moiety of its benefits found their way into the pockets of the home owners. No one will seriously contend that it brought any substantial relief to the home owners of the Nation. It was a bill essentially for the relief of those holding mortgages on homes, to refinance home-mortgage companies, and to furnish an organization that would finance the mortgagees and not in any sense a measure for the aid or relief of the home owners. So far as affording relief to home owners, the home loan bank bill was a delusion, and while not so intended, was, in effect, a confidence game, if you please, that Congress played on the confiding, sorely distressed, debt-menaced home owners of America. In the home-loan bank bill the people did not get what they expected, what they were promised, or what they were entitled to. You cannot again fool the home owners of the Nation. [Applause.]

If you pass this bill without amendment, without a clear-cut provision for direct loans to the individual home owner, without prescribing a formula by which the humblest home owner in the land can appeal directly to the home owners' loan corporation for relief, then the myriad thousands whose homes are about to be sold on the block at sacrificial prices will justly condemn Congress for having sold them another legislative gold brick.

Something has been said about the philosophy of the pending bill. There is sound and unsound philosophy. Insofar as this measure fails to afford substantial relief to the home owner and denies him the right to appeal directly to this Government agency for a loan, the measure embodies an unsound philosophy; a harsh philosophy that denies aid to the individual home owner but pledges the faith, funds, and credit of the Government for the relief of the mortgagees; a cynical philosophy that furnishes organized groups a mart in which they may exchange their mortgages for bonds issued by a Government agency, the interest on which is guaranteed by the Government; a philosophy that says, "We will come to the relief of the building-and-loan association, bank, loan company, and insurance company, but we will 'turn thumbs down' on the individual home owner who applies to us direct for a loan to save his home and salvage a little part of the earnings and accumulations of a lifetime." [Applause.]

If the House refuses to amend this bill as has been suggested, it will still have some merit and I will regretfully vote for it, not because it is what I want or what the home owners are entitled to but because it, seemingly, is the best and only measure we can get. I repeat, while this bill will afford substantial and deserved relief to the holders of mortgages on homes, it is so framed as not to grant comparable aid to the mortgagors. I warn you, you cannot continue to fool the home owners of America again with half-baked legislation. You will signally fail to have done your full duty if you pass this measure without incorporating therein a workable provision under which the individual home owner may receive loans direct from the home owners' loan corporation, the agency created by this act. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri [Mr. LOZIER] has expired.

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment. I am sure my good friend the gentleman from Missouri [Mr. LOZIER] does not wish to be unfair to the chairman of the Committee on Banking and Currency or to any member of the committee. I call the attention of the gentleman to the fact, which he will probably remember, and if he does not the RECORD will substantiate the statement, that the chairman of the Committee on Banking and Currency did not make the insistence in this House, when the original home-loan bank bill was under consideration, attributed to him by my good friend the gentleman from Missouri. I will say to the gentleman, as I said to his colleague from Missouri, that my misgivings with reference to that legislation were on a parity with the misgivings of my good friend who has just addressed the House.

I made no statement in this House that that bill was adequate to meet the difficulties in which the home owners of this country found themselves at that time. I am sure if the gentleman will reflect he will agree that that legislation was passed under very different circumstances from this, certainly so, as far as the Chairman of the Committee on Banking and Currency is concerned. I want to say also that the Chairman of the Committee on Banking and Currency reserved the right in the committee to amend that bill, and it was amended in one of its most material aspects on the floor of this House, upon motion made by the Chairman of the Committee on Banking and Currency. So the chairman did not insist that the original home-loan bank bill should be swallowed without change. My good friend the gentleman from Missouri is mistaken.

Mr. LOZIER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. LOZIER. Is it not true that upon other amendments offered the gentleman argued that the structure of the bill should not be changed, and that that bill should be passed practically in the form in which it was submitted?

Mr. STEAGALL. If the gentleman desires to spend any more time in matters of history, which have nothing to do with this legislation, my position during that legislation was not very different from what the gentleman's position seems to be toward this legislation, although I finally voted for the bill.

Mr. LOZIER. As I may vote for this one.

Mr. STEAGALL. Now, I want to say this, and it should be made clear, there is not a line in this bill that provides for any aid for any building and loan association. There is a provision in the bill which authorizes the Treasury to aid, in the amount of \$100,000,000, in setting up local home-loan associations that may make direct loans to home owners in communities that have no organizations that have access to the loaning facilities of the home-loan bank system. The \$200,000,000 corporation and the use of the bonds of this corporation are limited to direct aid to home owners. There is not a line in the bill authorizing aid to building and loan associations.

This bill, as I have attempted to make clear to the House, is an entirely different measure from the original Home Loan Bank Act. This is a separate measure, an emergency measure, and its sole purpose is to afford direct aid to home owners who are in danger of losing their homes.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have been very much interested in the discussion as to the salability of these bonds. Were the Government to guarantee the interest on these bonds for an indefinite period, I do not think there would be any trouble in disposing of them; but if the Government guaranty of interest is limited to a few years, I think there may be.

With the provision for 4-percent interest and an indefinite guaranty they would readily be disposed of, because today men with money would invest it in anything which would bring them a return of 4 percent, because they are today unable to put their funds into business of any kind in which

they can turn a dollar over and at the end of the year have even the dollar left.

I believe this bill is going to help more directly the home-loan banks and the banks which are trying to get rid of their mortgages than it is the home owner. But I feel that if we are going to do anything to save the individual who is going to lose his home we will have to adopt this amendment.

I feel that this bill is going to do more to give relief to banks and relieve the tension of the bankers than it is to enable the home owner to try to protect himself and his home.

I am opposed to the Government in business, but here is where I am going to do a little talking for the Government in business, because if aid is going to be extended to these owners of small homes the Government will have to get into this business of trying to save their homes. The banker dares not loan for fear the depositor will draw out his deposit; then he must close his bank or the Comptroller of the Currency will close it for him.

Now, speaking as a banker, 10 years ago the best security we could get for the investment of funds for a bank was a mortgage on a home, a mortgage on a farm, or a loan to some manufacturing establishment which had a plant, machinery, and equipment. Today if a man tries to present this kind of collateral to a banker he is turned away. The banker says, "I cannot grant a loan on such security."

I am in sympathy with the banker, but I am in sympathy with the country a little more than with the banker, and I think if we are going to do the greatest good for the country we will have to adopt this bill, which is contrary to good business for the Government in ordinary times—but this is an emergency.

I want to say to the bankers of America that if they do not change their attitude on granting loans to home owners, granting loans to farm owners, and granting loans to manufacturers who put up their industry as collateral, they will after a while find themselves in the deepest trouble they have ever been in. We will find the bankers coming back to Congress within the next 5 years asking the repeal of this legislation, for they will find that the best collateral, the best security they have, has gone away from them.

Time after time when a boy you heard your grandfather talk about the day when you could buy land for \$20 an acre which today is worth \$200 an acre. Within the next 5 years the story may be repeated, and the story will be repeated many, many times.

When the time comes that our homes, our farms, and our industries are not worth anything, then God help this country. I say it is about time we granted relief to these people who want to protect their homes. If an honest valuation of the property is placed on all applications for loans on today's value, the Government cannot lose. We must have honest men administer these funds—ones who will not be influenced by politicians or sympathy.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. WHITTINGTON. If the amendment proposed by the gentleman from Missouri is adopted, will we not be in substantially the same position we were in last year when we adopted the home loan bank bill to provide for direct loans to the home owners without making any provision for these loans?

Mr. RICH. While in principle I am opposed to the granting of direct relief, yet I do not see how the owners of small homes in this country can get the relief they need to protect their homes otherwise, and we should have adequate security for the loan if wisely administered.

Mr. WHITTINGTON. I am in sympathy with the gentleman's position, but how can direct relief be extended when no provision is made to give them that relief?

Mr. RICH. If we will guarantee these bonds or partially guarantee them for an unlimited time we will sell these bonds; do not worry about that. However, a time limit of a few years presents a different proposition. As I have said,

if the Government will guarantee these bonds for an indefinite period they would make a wonderful investment for endowment funds of any kind, and I think no trouble would be experienced in disposing of the bonds.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I desire to submit a unanimous-consent request.

I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

Mr. CELLER. Mr. Chairman, reserving the right to object, will the gentleman move that the Committee rise now and meet in the morning, in order to give the Members an opportunity to debate this proposition further?

Mr. GOSS. Mr. Chairman, I may say that I have had an amendment on the desk for over half an hour and should like to have 5 minutes on the amendment.

Mr. STEAGALL. Then I shall make the request 30 minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I should like to have 5 minutes.

Mr. SNELL. Mr. Chairman, may I ask the chairman of the committee what his program is?

Mr. STEAGALL. First, I want to see if the Committee will agree to limiting the debate on this section and all amendments thereto to 30 minutes.

Mr. SNELL. Does the gentleman intend to have all of that debate tonight, or is he going to move that the Committee rise and have the debate come tomorrow?

Mr. STEAGALL. I shall move that the Committee rise, if we can get this agreement.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I shall object unless I am permitted at least 5 minutes' time. I have not had any time on the bill, and I am very much interested in this amendment.

Mr. GOSS. Mr. Chairman, reserving the right to object, I have an amendment at the Clerk's desk which is not a pro-forma amendment, and I should like to discuss it for 5 minutes.

Mr. STEAGALL. Mr. Chairman, I do not want to shut off debate, but will not 30 minutes' time be sufficient?

Mr. Chairman, I move that all debate on this section and all amendments thereto close in 30 minutes.

The question was taken; and on a division (demanded by Mr. SWANK) there were—ayes 123, noes 32.

So the motion was agreed to.

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 5240), authorizing loans to home owners, and had come to no resolution thereon.

HOME LOANS

Mr. GLOVER. I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection it is so ordered.

Mr. GLOVER. Mr. Speaker, the bill now before us for consideration is one of great importance. It is a bill to provide emergency relief with respect to home-mortgage indebtedness and to refinance the mortgage so that the home may be saved. In this time of depression many persons have lost their homes, when there was only a small balance due on them, because they could not be refinanced when the balance was demanded. I have had many letters coming to my office pleading for something to be done so the home could be saved, and I am glad to support this measure that will give relief to many persons.

If every person were now out of debt, it would be easy to start back on the road to prosperity. Debts cannot be paid now under present conditions. They were made when our country was prosperous, and when the panic came and the price of commodities went down to less than the cost of production it became impossible to pay. The only sensible

thing to do is to extend this time of payment and reduce the rate of interest until conditions can be changed.

There are two prominent causes that have produced the condition that we find ourselves in. One is the tariff bill known as the "Smoot-Hawley bill", and the other is the money question. Bills are now pending and I hope will be passed before the close of this session correcting this evil. Our foreign trade is reduced until we have practically none. After the passage of this bill other nations passed retaliatory legislation against us. As a result of this neither of the nations can prosper.

The sensible thing to do is pass a bill at once providing for reciprocal trade relations with other countries so that we can sell our surplus crops. We cannot consume all we produce in this country of some commodities, and we must find a market for them in other countries. We now have 10,000,000 bales of cotton on hand that is holding down the price, which should have and would have been marketed if we had the proper trade relations with other countries that need it. They are now using the short lint cotton grown by other countries, because they cannot under present conditions trade with us as they formerly did.

The single standard of gold in the United States when other countries were on a silver standard has been, in my opinion, our greatest trouble. Since the action by President Roosevelt in taking us off the single gold standard, it leaves France as the only large nation trying to maintain it; and they are today coining more silver than ever before and will soon be forced off the single standard.

It has been my contention since I have been in Congress that we should have a double standard of both gold and silver, so that we could trade with all the nations of the world. Our Constitution provides for that, and we should go back to it. No one wants fiat money or an unsound currency. The ability of the Nation to redeem its obligations is what makes its credit good. No nation doubts the ability of the United States to fully redeem every obligation it has made or will make.

It is hoped that in the monetary conference, soon to be held, the nations of the earth may once for all settle this question and give us a stable currency where all the nations may trade with one another.

The United States is the richest nation on earth and yet we have 12,000,000 men out of employment. The report recently made by one of the departments stated that we have 4,000,000 families in the United States receiving aid, either from the State or National Government or charitable institutions. This is no fault of theirs and they cannot help it. What they are longing for is that the time will soon come when they can get work where they can care for themselves. We have a very small percentage that would not work if they could get it.

It is expected that many obligations may be scaled down in amount before they are refinanced. If this can be done it will be a saving to the one who owes the debt. We have passed a bill to refinance farm mortgages which will aid them and this will aid the home owner who is not engaged in agriculture and will give a much-needed relief.

LEAVE OF ABSENCE

By unanimous consent, Mr. STRONG of Pennsylvania was given leave of absence for a few days, on account of illness.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at

a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 11 minutes p.m.) the House adjourned until tomorrow, Friday, April 28, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5091. A bill to amend section 289 of the Criminal Code; without amendment (Rept. No. 56). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5208. A bill to amend the probation law; without amendment (Rept. No. 57). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on the District of Columbia was discharged from the consideration of the bill (H.R. 5170) for the relief of the American-La France & Foamite Corporation of New York; and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEE of Missouri: A bill (H.R. 5305) to amend sections 1, 2, and 3 of the act of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies"; to the Committee on the Judiciary.

By Mr. CARPENTER of Kansas: A bill (H.R. 5306) to impose a tax on money permanently invested in foreign countries; to the Committee on Ways and Means.

By Mr. COCHRAN of Missouri: A bill (H.R. 5307) to exempt the real property of the American War Mothers from taxation; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H.R. 5308) to extend certain benefits of the Public Health Service to certain seamen, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. HOPE: A bill (H.R. 5309) authorizing an appropriation for the continuation of certain hearings by the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON of Wisconsin: Joint resolution (H.J. Res. 165) to prohibit the insertion in the CONGRESSIONAL RECORD of speeches or material not actually delivered on the floor of the House of Representatives or the Senate of the United States; to the Committee on Printing.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the State of South Carolina, memorializing the Congress of the United States to cause to be made a study and report upon the merits of legislation regulating what is commonly known as "the 'stretch-out' system" in textile plants; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to enact legislation to provide for the issuance of certificates of citizenship to citizens of the United States of oriental ancestry residing in the Territory of Hawaii; to the Committee on Immigration and Naturalization.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURNHAM: A bill (H.R. 5310) for the relief of John P. Seabrook; to the Committee on Naval Affairs.

Also, a bill (H.R. 5311) granting a pension to Bergliot Work; to the Committee on Invalid Pensions.

By Mr. CROSBY: A bill (H.R. 5312) to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FLETCHER: A bill (H.R. 5313) granting a pension to Linford E. Dinkle; to the Committee on Pensions.

Also, a bill (H.R. 5314) granting an increase of pension to Clarene E. Orr; to the Committee on Pensions.

By Mr. HOEPEL: A bill (H.R. 5315) granting a pension to Frieda Precht; to the Committee on Pensions.

Also, a bill (H.R. 5316) for the relief of W. F. Yerian; to the Committee on Naval Affairs.

By Mr. LARRABEE: A bill (H.R. 5317) granting an increase of pension to Nancy J. Bowman; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H.R. 5318) granting a pension to Anna Brock; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5319) granting a pension to Martha Willoughby; to the Committee on Invalid Pensions.

By Mr. McREYNOLDS: A bill (H.R. 5320) for the refund of income and profits taxes erroneously collected; to the Committee on Ways and Means.

By Mr. REID of Illinois: A bill (H.R. 5321) for the relief of Arthur E. Mills; to the Committee on Claims.

By Mr. TARVER: A bill (H.R. 5322) granting a pension to John R. Longwith; to the Committee on Pensions.

By Mr. WALLGREN: A bill (H.R. 5323) for the relief of Frank I. Otis; to the Committee on Military Affairs.

By Mr. WEIDEMAN: A bill (H.R. 5324) for the relief of Maurice E. Schaffer; to the Committee on World War Veterans' Legislation.

By Mr. WILCOX: A bill (H.R. 5325) for the relief of Harry Burton-Lewis; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

752. By Mr. BOYLAN: Resolutions adopted by the New York Board of Trade, Inc., opposing the adoption of any legislation, National or State, which will limit or restrict the United States courts in the selection of receivers to natural persons, etc.; to the Committee on Banking and Currency.

753. Also, letter from the Newport Chamber of Commerce, Newport, R.I., opposing the closing of the United States Naval Training Station at Newport, R.I.; to the Committee on Naval Affairs.

754. By Mr. BURNHAM: Memorial of Edwin Arleigh Brown, proposing the establishment of a municipal unemployment relief center, established and maintained by the revenue of taxation from State, county, and city, subsidized by the Federal Government, when necessary, as a guaranty of its effectual functioning and endurance; to the Committee on Ways and Means.

755. By Mr. JAMES: Resolution of the Gogebic County Board of Supervisors, Michigan, heartily endorsing House bill 4801 to release the States, Territories, municipalities, and political subdivisions from the obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

756. By Mr. KELLY of Pennsylvania: Petition of the veterans' organizations of McKeesport, Pa., urging more just distribution of wealth through capital-levy, income, and inheritance taxes; to the Committee on Ways and Means.

757. By Mr. KENNEY: Petition of Walter Herbert Roemer Post, No. 221, of the American Legion, Ridgefield, N.J., re-

questing that the Federal Government facilitate the reopening of the national banks in Bergen County, N.J.; to the Committee on Banking and Currency.

758. By Mr. LINDSAY: Petition of National Federation of Federal Employees, Local No. 4, Frank X. McMahon, secretary, favoring optional retirement of Federal employees; to the Committee on Appropriations.

759. Also, petition of National Customs Service Association, New York City, opposing the 30-year retirement bill; to the Committee on Appropriations.

760. Also, petition of Hudson Forwarding & Shipping Co., Inc., New York City, opposing the 30-year retirement bill; to the Committee on Appropriations.

761. Also, petition of Rubin Hochman, of Brooklyn, N.Y., favoring the 30-year retirement bill; to the Committee on Appropriations.

762. Also, petition of S. V. Fonner and Charles O'Brien, of Brooklyn, N.Y., favoring optional retirement after 30 years' service; to the Committee on Appropriations.

763. Also, petition of J. J. Regan, Flushing, Long Island, N.Y., favoring inflation program as proposed in amendment to farm relief bill, without any qualifications or amendments; to the Committee on Agriculture.

764. Also, petition of Tompkins-Kiel Marble Co., New York City, favoring the Goss bill; to the Committee on Expenditures in the Executive Departments.

765. Also, petition of Brooklyn Real Estate Board, Brooklyn, N.Y., approving the two billion home mortgage refinancing bill, S. 1317; to the Committee on Banking and Currency.

766. Also, petition of Dr. George J. Lawrence, commander American Legion, Department of New York, New York City, opposing elimination Veterans' Administration regional offices and discharging 6,000 employees; to the Committee on World War Veterans' Legislation.

767. By Mr. MEAD: Petition of Board of Supervisors of Erie County, New York State, favoring the Federal appropriation for the relief of home owners; to the Committee on Banking and Currency.

768. Also, petition of the South Buffalo unemployed, opposing the St. Lawrence Canal Treaty; to the Committee on Interstate and Foreign Commerce.

769. Also, petition of the South Buffalo unemployed, suggesting amendment to the Black bill; to the Committee on Labor.

770. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the immediate reduction of appropriations for the enforcement of the prohibition law by at least one half, and to similarly reduce the number of prohibition agents and other Federal employees engaged in the futile attempt to enforce the prohibition law; to the Committee on Appropriations.

771. By Mr. RUDD: Petition of Tompkins-Kiel Marble Co., New York City, favoring the Goss bill; to the Committee on Expenditures in the Executive Department.

772. Also, petition of Dr. George J. Lawrence, commander American Legion, Department of New York, New York City, opposing the elimination of Veterans' Administration regional offices; to the Committee on Appropriations.

773. Also, petition of National Motorship Corporation, New York City, protesting against the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

774. Also, petition of National Motorship Corporation, New York City, protesting against the passage of House bill 4599; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

FRIDAY, APRIL 28, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reynolds
Ashurst	Costigan	Kean	Robinson, Ark.
Austin	Couzens	Kendrick	Robinson, Ind.
Bachman	Cutting	Keyes	Russell
Bailey	Dale	King	Sheppard
Bankhead	Dickinson	La Follette	Shipstead
Barbour	Dieterich	Lewis	Smith
Barkley	Dill	Logan	Steiwer
Black	Duffy	Loneragan	Stephens
Bone	Erickson	Long	Thomas, Okla.
Borah	Fess	McAdoo	Thomas, Utah
Bratton	Fletcher	McCarran	Townsend
Brown	Frazier	McNary	Trammell
Bulkley	George	Metcalf	Vandenberg
Bulow	Glass	Murphy	Van Nuys
Byrd	Goldsborough	Neely	Wagner
Byrnes	Gore	Norbeck	Walcott
Capper	Hale	Norris	Walsh
Caraway	Harrison	Nye	Wheeler
Carey	Hastings	Overton	White
Clark	Hatfield	Patterson	
Connally	Hayden	Pope	
Coolidge	Hebert	Reed	

Mr. REED. I wish again to announce the absence of my colleague [Mr. DAVIS] on account of illness.

Mr. BACHMAN. I desire to announce that my colleague [Mr. McKELLAR] is detained from the Senate on account of the death of his brother, Mr. R. L. McKellar.

Mr. McNARY. I wish to announce that the Senator from Minnesota [Mr. SCHALL] is necessarily detained from the Senate.

Mr. LEWIS. I desire to announce the absence at the present moment of the Senator from Nevada [Mr. PITTMAN], occasioned by conferences at the White House touching matters international. He will be in the Senate shortly.

I desire to announce that the Senator from Maryland [Mr. TYDINGS] is necessarily detained from the Senate.

I also wish to announce that the Senator from Kansas [Mr. MCGILL] is necessarily detained from the Senate on official business.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the Journal for the calendar days of Tuesday, Wednesday, and Thursday, April 25, 26, and 27, was approved.

JUDGMENT AGAINST PAN AMERICAN PETROLEUM CO.

The VICE PRESIDENT. The Chair lays before the Senate the amendment of the House of Representatives to Senate Joint Resolution 13, and calls the attention of the Senator from North Dakota [Mr. NYE] to it.

The amendment of the House of Representatives to Senate Joint Resolution 13, authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co., heretofore duly entered, was, on page 3, line 3, after the word "laws", to insert:

Provided, That the authority herein granted is permissive only, and shall not be construed as a declaration of approval by Congress of the compromise herein authorized to be made, and that said authority shall not be exercised by the Attorney General unless in his judgment said compromise shall appear to him to be for the best interests of the United States.

Mr. NYE. I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

FUNCTIONS OF THE FEDERAL RADIO COMMISSION (S.DOC. NO. 46)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Radio Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions and activities conducted under the jurisdiction of the Commission, the statutory authority therefor, and the total annual expenditures thereon; also a list of employees receiving compensation of \$5,000 or